

1. Weekly Summary Excerpt, 14 June 1946, The Azerbaijan Settlement

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The Azerbaijan Settlement

Premier Qavam's success in reaching an agreement with Azerbaijani leaders on the terms which he originally proposed is qualified by the established presence of Soviet elements in Azerbaijan and the concessions which he has been compelled to make to the Soviet-supported Tudeh Party in the rest of Iran. The settlement, which, according to Azerbaijani leaders, was finally concluded on Soviet orders, represents a modification of the previous stand of the Soviet-supported "Democrats." The Azerbaijani "Army" is to be incorporated into the Central Iranian Army, land distribution and internal reform are to be carried out according to Qavam's proposals, the Azerbaijani have officially given up their bid for "autonomy," and Qavam is free to carry out his professed ambition to restore them to full allegiance to Tehran.

Qavam, however, will be hindered in his efforts to develop a unified and genuinely independent Iran by the presence of Soviet officers and men in key positions in the Azerbaijani "Army" and police, and by the growing power of the leftist Tudeh Party in the rest of Iran. In order to better his position in negotiations with the USSR, Qavam recently has played up to the Tudeh Party and has carried out severely repressive measures against conservative elements.

In the last analysis, however, Qavam's future success in maintaining Iran's independence will depend upon great-power policy. The Soviets appear to have recognized that their recent Iranian policy, while accomplishing its immediate military and economic objectives, was heavy-handed and over-hasty. Qavam's skill in mobilizing Iranian resistance and in exploiting world opinion through the UN apparently helped to convince the Soviets that gradual penetration (employed so effectively in Sinkiang) would succeed better. Accordingly, with their oil and military objectives assured, the Soviets could afford to withdraw full support from the Azerbaijani "Democrats." Moreover, the Soviets clearly feel that "time is on their side" in Iran and that the general economic backwardness of the country and the unpopular labor policy of the British oil companies will forward their cause.

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2. Weekly Summary Excerpt, 5 July 1946, Political Tension in Bulgaria

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Political Tension in Bulgaria

The political situation in Bulgaria has grown more critical as intensified efforts by the Communist-dominated coalition Government to consolidate its control over the country have met with increasing resistance from the opposition. A Government campaign of intimidation and unprecedented violence is now under way, and the opposition is reported even to be preparing for possible armed resistance. Both groups have been impelled by the same factors: the anticipated general elections this fall, prospects of the withdrawal of Soviet troops when a peace treaty has been concluded, and the moral support given the opposition by the Western Powers.

Before the Soviets withdraw their troops, they must establish permanent safeguards for their own strategic, political, and economic interests, including a stable and subservient, or at least friendly, regime. Soviet interests, however, also dictate that these aims be achieved without provoking civil war.

As a new step in that direction, therefore, the Soviets have set about to neutralize the Bulgarian Army which under its present leadership has exercised a major restraining influence on Communist policy. By giving political commissars authority over troops equal to that of operational commanders, effective control of the Army is being transferred from the Conservative Minister of War to Communists in the Government and a thorough purge of all non-Communists in the ranks is imminent. This purge probably will be successful because the presence of Soviet occupation troops would forestall any effective resistance. In addition, the Soviets are reportedly preparing to assign technicians to the Army who would be competent to take over Bulgarian military establishments in the event of internal unrest after Soviet troop withdrawal, and are infiltrating into the country large numbers of Soviet citizens both as administrators of Soviet-acquired German property and as civilian members of the NKVD.

These measures may give the Communists sufficient security to permit them to relax the rule of terror and, as a bid for recognition by the Western Powers, they may offer the opposition more favorable terms for participation in the Government.

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3. Weekly Summary Excerpt, 19 July 1946, Implications of Soviet Policy Towards Germany; Soviet Demands on Hungary

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Implications of Soviet Policy Towards Germany

By rejecting both the US federalization and the French dismemberment proposals Molotov has given a clear indication that the Kremlin has, at least for the time being, decided that the bulwark of Communism in the west is to be Germany and not France. A German administration strongly centralized in Berlin will be much more susceptible than a loose federation to Soviet pressures, particularly in a Germany economically debilitated by such exorbitant reparation payments as the Soviets are currently demanding. Posing thus as the champions of German nationalism and rehabilitation, the Soviets can attempt to discredit the policy of the western powers and to facilitate Communist penetration of their zones.

At the same time Molotov has left the door open for a subsequent change of tactics. By blocking Secretary Byrnes' proposal for the immediate designation of deputies to begin consideration of future Allied policy toward Germany he has left the way clear for a different Soviet approach when the Council of Foreign Ministers next discusses the German question. At that time the Kremlin will be better able to judge the progress of its penetration in the western zone.

The Soviet pronouncement on Germany has caused consternation in the ranks of the French Communists. Having been among the most vigorous proponents of the political separation from Germany of the Ruhr and Rhineland, they have been forced quickly to resort to the familiar Communist stratagem of befogging the issue, explaining the Soviet position as in the Leninist tradition of "protecting the German proletariat by opposing British imperialism." As a result the Communist party in France can hardly fail to suffer some loss of prestige.

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Soviet Demands on Hungary

The Hungarian Government last week acceded to Soviet demands for a number of strong measures against allegedly anti-Soviet and "fascist" organizations and Government officials. The Soviet action was directed against the chief centers of resistance to leftist domination of Hungary: the conservative Smallholders' Party and the Catholic Church. It undoubtedly reflects the Soviet desire to establish the control of the minority Communist Party in anticipation of the peace settlement and the ultimate withdrawal of Soviet troops.

In the free Hungarian elections of last November the Smallholders' Party won a majority of seats in the Assembly. Since then the Hungarian Communists have led a campaign to nullify, or at least to modify, the election results. Following a demand by the Moscow radio for the "crushing of Hungarian reaction," the campaign developed into a powerful drive against the right wing of the Smallholders' Party. Early in March, following open leftist threats of violence, twenty of the more conservative Smallholders' Deputies to the Assembly were expelled from the Party. In return, the leftists promised certain concessions, including larger Smallholders' representation in provincial and local government, but these have not yet been put into effect.

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In June the leftists resumed their attacks on the Smallholders with demands for a further purge of "reactionaries." This time the Smallholders and their leader, Premier Nagy, presented considerably stiffer resistance. Nagy indicated in private his determination to refuse further demands, even at the cost of a cabinet crisis and a complete breakdown of coalition government.

On 28 June the Soviet Chairman ACC Hungary, without consulting the US or UK representatives in the ACC, accused the Government of violating the anti-fascist provisions of the armistice agreement and demanded the dismissal of several Government officials, abolition of organizations found to be aiding "fascist" elements, dissolution of Catholic and other youth organizations, and prevention of anti-Soviet propaganda by the Catholic clergy. The demands for anti-Catholic measures are attributable in part to the fact that the Catholic Church in Hungary, and particularly its leader, Cardinal Mindszenty, have recently formed a rallying point for many extreme anti-Soviet forces.

Premier Nagy, now confronted with an international rather than inter-party issue, conceded the majority of the Soviet demands. However, it is not certain that these concessions will either satisfy Hungarian leftists, or be accepted by the Smallholders without considerable defection among Nagy's supporters. The Hungarian Communist Party is apparently being pushed by its own left-wing leaders toward an open break with the Smallholders. Leaders of the Smallholders believe that the country is being "driven into two irreconcilable camps," and fear that a breakdown of coalition government might result in civil war and the retention of Soviet troops in Hungary.

The US representative ACC has protested the presentation of the Soviet demands without consultation of the US representative, and has requested that the Soviet demands be suspended pending three-power agreement in the ACC.

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4. ORE 1, 23 July 1946, Soviet Foreign and Military Policy

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23 July 1946

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CENTRAL INTELLIGENCE GROUP

SOVIET FOREIGN AND MILITARY POLICY

SUMMARY

1. The Soviet Government anticipates an inevitable conflict with the capitalist world. It therefore seeks to increase its relative power by building up its own strength and undermining that of its assumed antagonists.
2. At the same time the Soviet Union needs to avoid such a conflict for an indefinite period. It must therefore avoid provoking a strong reaction by a combination of major powers.
3. In any matter deemed essential to its security, Soviet policy will prove adamant. In other matters it will prove grasping and opportunistic, but flexible in proportion to the degree and nature of the resistance encountered.
4. The Soviet Union will insist on exclusive domination of Europe east of the general line Stettin-Trieste.
5. The Soviet Union will endeavor to extend its predominant influence to include all of Germany and Austria.
6. In the remainder of Europe the Soviet Union will seek to prevent the formation of regional blocs from which it is excluded and to influence national policy through the political activities of local Communists.
7. The Soviet Union desires to include Greece, Turkey, and Iran in its security zone through the establishment of "friendly" governments in those countries. Local factors are favorable toward its designs, but the danger of provoking Great Britain and the United States in combination is a deterrent to overt action.
8. The basic Soviet objective in the Far East is to prevent the use of China, Korea, or Japan as bases of attack on the Soviet Far East by gaining in each of those countries an influence at least equal to that of the United States.
9. The basic Soviet military policy is to maintain armed forces capable of assuring its security and supporting its foreign policy against any possible hostile combination. On the completion of planned demobilization these forces will still number 4,500,000 men.
10. For the time being the Soviets will continue to rely primarily on large masses of ground troops. They have been impressed by Anglo-American strategic air power, however, and will seek to develop fighter defense and long range bomber forces.

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11. The Soviets will make a maximum effort to develop as quickly as possible such special weapons as guided missiles and the atomic bomb.

12. Further discussion of Soviet foreign policy is contained in Enclosure "A"; of Soviet military policy, in Enclosure "B".

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ENCLOSURE "A"

SOVIET FOREIGN POLICY

THE BASIS OF SOVIET FOREIGN POLICY

1. Soviet foreign policy is determined, not by the interests or aspirations of the Russian people, but by the prejudices and calculations of the inner directorate of the Communist Party in the Soviet Union. While the shrewdness, tactical cunning, and long-range forethought of this controlling group should not be minimized, its isolation within the Kremlin, ignorance of the outside world, and Marxist dogmatism have significant influence on its approach to problems in foreign relations.

2. The ultimate objective of Soviet policy may be world domination. Such a condition is contemplated as inevitable in Communist doctrine, albeit as a result of the self-destructive tendencies of capitalism, which Communist effort can only accelerate. In view, however, of such actual circumstances as the marked indisposition of democratic nations to adopt the Communist faith and the greatly inferior war potential of the Soviet Union in relation to them, that goal must be regarded by the most sanguine Communist as one remote and largely theoretical. While acknowledging no limit to the eventual power and expansion of the Soviet Union, the Soviet leadership is more practically concerned with the position of the U.S.S.R. in the actual circumstances.

3. For the present and the indefinite future the fundamental thesis of Soviet foreign policy is the related proposition that the peaceful coexistence of Communist and capitalist states is in the long run impossible. Consequently the U.S.S.R. must be considered imperiled so long as it remains within an antagonistic "capitalist encirclement."* This concept, absurd in relation to so vast a country with such wealth of human and material resources and no powerful or aggressive neighbors, is not subject to rational disproof precisely because it is not the result of objective analysis. It is deeply rooted in a haunting sense of internal and external insecurity inherited from the Russian past, is required by compelling internal necessity as a justification for the burdensome character of the Soviet police state and derives its authority from the doctrine of Marx and Lenin.

4. On the basis of this concept of ultimate inevitable conflict, it is the fundamental policy of the Soviet Union;

a. To build up the power of the Soviet state; to assure its internal stability through the isolation of its citizens from foreign influences and through the maintenance of strict police controls; to maintain armed forces stronger than those of any potential combination of foreign powers; and to develop as rapidly as possible a powerful and self-sufficient economy.

b. To seize every opportunity to expand the area of direct or indirect Soviet control in order to provide additional protection for the vital areas of the Soviet Union.

* In this context socialism (as distinguished from communism) is considered as antagonistic as capitalism.

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c. To prevent any combination of foreign powers potentially inimical to the Soviet Union by insistence upon Soviet participation, with veto power, in any international session affecting Soviet interests, by discouraging through intimidation the formation of regional blocs exclusive of the U.S.S.R., and by exploiting every opportunity to foment diversionary antagonisms among foreign powers.

d. To undermine the unity and strength of particular foreign states by discrediting their leadership, fomenting domestic discord, promoting domestic agitations conducive to a reduction of their military and economic strength and to the adoption of foreign policies favorable to Soviet purposes, and inciting colonial unrest.

5. Although these general policies are premised upon a conviction of late and inevitable conflict between the U.S.S.R. and the capitalist world, they also assume a postponement of overt conflict for an indefinite period. The doctrine of Marx and Lenin does not forbid, but rather encourages, expedient compromise or collaboration with infidels for the accomplishment of ultimate Communist purposes. The Soviet Union has followed such a course in the past and has need to do so still, for time is required both to build up its own strength and to weaken and divide its assumed antagonists. In such postponement, time is calculably on the side of the Soviet Union, since natural population growth and projected economic development should result in a gradual increase in its relative strength. It is manifestly in the Soviet interest to avoid an overt test of strength at least until, by this process, the Soviet Union has become more powerful than any possible combination of opponents. No date can be set for the fulfillment of that condition. The Soviet Union must therefore seek to avoid a major open conflict for an indefinite period.

6. The basis of Soviet foreign policy is consequently a synthesis between anticipation of and preparation for an ultimate inevitable conflict on the one hand and need for the indefinite postponement of such a conflict on the other. In any matter conceived to be essential to the present security of the Soviet Union, including the Soviet veto power in international councils, Soviet policy will prove adamant. In other matters Soviet policy will prove grasping, but opportunistic and flexible in proportion to the degree and nature of the resistance encountered, it being conceived more important to avoid provoking a hostile combination of major powers than to score an immediate, but limited, gain. But in any case in which the Soviet Union is forced to yield on this account, as in Iran, it may be expected to persist in pursuit of the same end by subtler means.

SOVIET POLICY WITH RESPECT TO EASTERN EUROPE

7. It is apparent that the Soviet Union regards effective control of Europe east of the Baltic and Adriatic Seas and of the general line Stettin-Trieste as essential to its present security. Consequently it will tolerate no rival influence in that region and will insist on the maintenance there of "friendly" governments - that is, governments realistically disposed to accept the fact of exclusive Soviet domination. That condition being met, the U.S.S.R. does not insist upon a uniform pattern of political and economic organization,

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but adjusts its policy in accordance with the local situation. The immediate Soviet objective is effective control, although the ultimate objective may well be universal sovietization.

8. In some cases no Soviet coercion is required to accomplish the desired end. In Yugoslavia and Albania the Soviet Union finds genuinely sympathetic governments themselves well able to cope with the local opposition. In Czechoslovakia also, although the government is democratic rather than authoritarian in pattern, no interference is required, since the Communists and related parties constitute a majority and the non-Communist leaders are "friendly." Even in Finland the Soviet Union has been able to display moderation, Finnish leaders having become convinced that a "friendly" attitude is essential to the survival of the nation. In these countries the Soviet Union seeks to insure its continued predominance by the creation of strong bonds of economic and military collaboration, but does not have to resort to coercion other than that implicit in the circumstances.

9. In Poland, Rumania, and Bulgaria, however, the Soviet Union encounters stubborn and widespread opposition. The "friendly" governments installed in those countries are notoriously unrepresentative, but the Soviet Union is nevertheless determined to maintain them, since no truly representative government could be considered reliable from the Soviet point of view. In deference to Western objections, elections may eventually be held and some changes in the composition of these governments may be permitted, but only after violent intimidation, thoroughgoing purges, electoral chicanery, and similar measures have insured the "friendly" character of the resulting regime. Continued political control of the countries in question will be reinforced by measures insuring effective Soviet control of their armed forces and their economies.

10. The elected government of Hungary was both representative and willing to be "friendly," but the Soviet Union has apparently remained unconvinced of its reliability in view of the attitude of the Hungarian people. Accordingly coercion has been applied to render it unrepresentatively subject to Communist control in the same degree and manner as are the governments of Poland, Rumania, and Bulgaria. The end is the same as that of the policy pursued in those countries - the secure establishment of a reliably "friendly" regime, however unrepresentative, coupled with Soviet control of the economic life of the country.

SOVIET POLICY IN AUSTRIA AND GERMANY

11. Soviet policy in Austria is similar to that in Hungary, subject to the limitations of quadripartite occupation. Having accepted an elected Austrian government and unable to reconstruct it at will, the Soviet Union is seeking, by unilateral deportations and sequestrations in its own zone and by demands for similar action in others, to gain, at least, economic domination of the country as a whole and to create, at most, a situation favorable toward a predominant Soviet political influence as well, on the withdrawal of Allied control. The Soviet Union will prevent a final settlement, however, until it is ready to withdraw its troops from Hungary and Rumania as well as Austria.

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12. The Soviet Union hitherto has been content to proceed with the consolidation of its position in eastern Germany free of quadripartite interference. Now, rejecting both federalization and the separation of the Ruhr and Rhineland, it appears as the champion of German unification in opposition to the "imperialistic" schemes of the Western powers. A German administration strongly centralized in Berlin would be more susceptible than any other to Soviet pressure, and the most convenient means of extending Soviet influence to the western frontiers of Germany. The initial Soviet objective is presumably such a centralized "anti-Fascist" republic with a coalition government of the eastern European type, but actually under strong Communist influence and bound to the Soviet Union by ties of political and economic dependency.

SOVIET POLICY IN WESTERN EUROPE

13. For a time it appeared that the Communist Party in France might prove able to gain control of that country by democratic political processes and Soviet policy was shaped to support that endeavor. The Communists recent electoral reverses, however, appear to have led the Soviet Union to sacrifice a fading hope of winning France to a livelier prospect of gaining Germany. The French Communists remain a strong political factor nevertheless, and exercise disproportionate influence through their control of organized labor. That influence will be used to shape French policy as may be most suitable for Soviet purposes, and to prepare for an eventual renewal of the attempt to gain control of France by political means. A resort to force is unlikely in view of the danger of provoking a major international conflict.

14. In Italy also the Communist Party is seeking major influence, if not control, by political means, with a resort to force unlikely in present circumstances. The Party and the Soviet Union have played their cards well to divert Italian resentment at the proposed peace terms from themselves toward the Western Powers.

15. The Soviet Union misses no opportunity to raise the Spanish issue as a means of embarrassing and dividing the Western Powers. Any change in Spain might afford it an opportunity for penetration. Even its goading of the Western Powers into expressions of distaste for Franco appear to have afforded it an opportunity to approach him.

16. For the rest, the Soviet Union is concerned to prevent the formation of a Western Bloc, including France and the Low Countries, or a Scandinavian Bloc, in accordance with its general policy. As opportunity offers, it will seek to facilitate the growth of Communist influence in Scandinavia and the Low Countries, but not at the sacrifice of more important interests or at the risk of provoking a strong reaction.

SOVIET POLICY IN THE MIDDLE EAST

17. The Middle East offers a tempting field for Soviet expansion because of its proximity to the Soviet Union and remoteness from other major powers, the weakness and instability of indigenous governments (except Turkey, and the

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many local antagonisms and minority discontents. It is, moreover, an area of Soviet strategic interest even greater than that of eastern Europe, in view of the general shift of Soviet industry away from the European Frontier, but still within range of air attack from the south, and of the vital importance of Baku oil in the Soviet economy. It is in the Middle East, however, that Soviet interest comes into collision with the established interest of Great Britain and that there is consequently the greatest danger of precipitating a major conflict. Soviet policy in the area must therefore be pursued with due caution and flexibility.

18. Given the opportunity, the Soviet Union might be expected to seek the following objectives:

a. At least the withdrawal of British troops from Greece, and at most the incorporation of that country in the Soviet sphere through the establishment of a "friendly" government.

b. At least the political and military isolation of Turkey and the imposition of a new regime of the Straits more favorable to Soviet interests; at most the incorporation of that country in the Soviet sphere through the establishment there of a "friendly" government.

c. At least implementation of the recent settlement with Iran, which assures the Soviet a continued indirect control in Azerbaijan and an opportunity to develop any oil resources in northern Iran; at most, incorporation of that country in the Soviet sphere through the establishment there of a "friendly" government.

Soviet policy in pursuit of these objectives will be opportunistic, not only in relation to the local situation, but more particularly in relation to the probable reactions of the major powers.

19. Soviet interest in the Arab states is still directed rather toward exploiting them as a means of undermining the British position in the Middle East than as objectives in themselves. Their principal asset, the oil of Iraq and Saudi Arabia, would be economically inaccessible, although its denial to Britain and the United States in the event of war would be of important consequence. But, by fomenting local demands for the withdrawal of British troops, the Soviet Union can hope to deny effective British support to Turkey and Iran. To this end the Soviet Union will exploit anti-British sentiment among the Arabs, and particularly the vexing Palestine issue.

20. The Soviet Union has shown no disposition to intrude into the involved Indian situation, possibly finding it as yet impossible to determine the most advantageous course in that regard. It also shows no present aggressive intentions toward Afghanistan, although the establishment of a "friendly" government there would seem a logical, albeit low priority, objective.

SOVIET POLICY IN THE FAR EAST

21. The basic Soviet objective in China, Korea, and Japan is to prevent their becoming potential bases of attack on the Soviet Far East. This requires

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that the U.S.S.R. exert with respect to each an influence at least equal to (and preferably greater than) that of any other power. Since in this region Soviet policy encounters that of the United States, it must be pursued with due circumspection.

22. Although the Soviet Union cannot hope to establish a predominant influence over the whole of China, at least for a long time to come, it could accomplish its basic objective through either the formation of a coalition government, with the Chinese Communist Party* as a major participant, or a division of the country, with the Chinese Communist Party in exclusive control of those areas adjacent to the Soviet Union. The U.S.S.R. should logically prefer the former solution as at once involving less danger of a collision with the United States and greater opportunity for the subsequent expansion of Soviet influence throughout China through political penetration by the Communist Party and the course of its relations with the Chinese Government would seem to confirm that preference. The U.S.S.R., however, would not be willing to sacrifice the actual political and military independence of the Chinese Communists unless assured of their effective participation in the proposed coalition. If, therefore, efforts to establish such a coalition were to fail and unrestricted civil war were to ensue, the Soviet Union would probably support the Chinese Communists in their efforts to consolidate their effective control over Manchuria and North China.

23. In Korea the Soviets have shown that they will consent to the unification of the country only if assured of a "friendly" government. In default of unification on such terms, they are content to consolidate their control in the north and to bide their time, trusting that an eventual American withdrawal will permit them to extend their predominant influence over the whole country.

24. The Soviets have been extremely critical of American administration in Japan, which has afforded them no opportunity to establish the degree of influence they desire. Regardless of the prevailing influence, they probably desire to see Japan politically and militarily impotent. The greater Japan's political disorganization, the greater would be their opportunity to establish an equal and eventually predominant influence there.

SOVIET POLICY ELSEWHERE

25. Soviet policy in other areas will follow the general lines set forth in paragraph 3, seeking to undermine the unity and strength of national states, to foment colonial unrest, to stir up diversionary antagonisms between states,

* Despite a widespread impression to the contrary, the Chinese Communists are genuine Communists, differing from other foreign Communist Parties only in a certain local self-sufficiency derived from territorial control and the possession of an army, in consequence of which they exhibit unusual initiative and independence. In all essentials they are an unusually effective instrument of Soviet foreign policy.

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and to disrupt any system of international cooperation from which the U.S.S.R. is excluded. Activity along these lines is constant, though often inconspicuous. Its importance to the Soviet Union derives not from any prospect of direct gain, but from its effect in enhancing the relative power of the U.S.S.R. by diminishing that of potential antagonists.

26. Because of their position in world affairs, the United States and Great Britain will be the primary targets of such Soviet activities. In addition to domestic agitations, the effort will be made to distract and weaken them by attacks upon their interests in areas of special concern to them. In Latin America, in particular, Soviet and Communist influence will be exerted to the utmost to destroy the influence of the United States and to create antagonisms disruptive to the Pan American system.

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ENCLOSURE "B"

SOVIET MILITARY POLICY

1. Soviet military policy derives from that preoccupation with security which is the basis of Soviet foreign policy. (See Enclosure "A", paragraphs 3 and 4a.) On the premise that the peaceful coexistence of Communist and capitalist states is in the long run impossible, and that the U.S.S.R. is in constant peril so long as it remains within a "capitalist encirclement," it is the policy of the Soviet Union to maintain armed forces capable of assuring its security and supporting its foreign policy against any possible combination of foreign powers. The result is an army by far the largest in the world (except the Chinese).

2. Even the populous Soviet Union, however, cannot afford an unlimited diversion of manpower from productive civil pursuits, especially in view of manpower requirements for reconstruction and for the new Five Year Plan. Consequently it has had to adopt a demobilization program which is a compromise between the supposed requirements of security and those of the economy. By September the strength of the armed forces will have been reduced from 12,500,000 to 4,500,000 men.** Further reduction is unlikely.

3. The probable geographical distribution of the total strength indicates will be 1,100,000 in occupied Europe, 650,000 in the Far East, and 2,750,000 in the remainder of the U.S.S.R. The composition will be 3,200,000 (71%) in the ground forces and rear services, 500,000 (11%) in the air forces, 300,000 (7%) in the naval forces, and 500,000 (11%) in the MVD (political security forces). The post-war reorganization includes unification of command in a single Ministry of the Armed Forces having jurisdiction over all forces except the MVD troops, which remain under the Ministry of Internal Affairs.

4. In addition to its own forces, the Soviet Union is assisting and participating in the reconstitution of the armed forces of its satellites in such manner as to insure its effective control of them. While in this its object is primarily political, such forces supplement its own as locally useful auxiliaries.

5. Soviet experience during the war was limited almost exclusively to the employment of large masses of ground troops spearheaded by mobile tank-artillery infantry teams. Air power was employed chiefly for close ground support. Naval operations were insignificant. The Soviets had only limited experience in amphibious operations, almost none in airborne operations, and none with carrier-based air operations.

6. It appears that for the time being the Soviet Union will continue to rely primarily on large masses of ground troops, but with emphasis on increased mechanization and further development of the tank-artillery-mobile infantry spearhead. The ground support capabilities of the air forces will be maintained.

* As compared with 562,000 in 1933 and 1,000,000 in 1935.

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At the same time, the Soviets may be expected to give increased attention to the strategic employment of air power, in view of demonstrated Anglo-American capabilities in that regard, and to develop both fighter defense and long range bomber forces.

7. Although there have been indications that the eventual development of a high seas fleet (or fleets) is a Soviet intention, its early accomplishment is prohibited by inexperience, lack of shipbuilding capacity, and the higher priority of other undertakings. Even were these hindrances overcome, geography handicaps the Soviet Union as a naval power, since naval forces on its several coasts would be incapable of mutual support. It is, however, within the capabilities of the Soviet Union to develop considerable submarine light surface, and short-range amphibious forces.

8. The industrial development, which competes with the armed forces for manpower, is, of course, intended to enhance the overall Soviet war potential. Beyond that, intensive effort will be devoted to the development of special weapons, with particular reference to guided missiles and the atomic bomb. Some reports suggest that the Soviets may already have an atomic bomb of some or at least the capability to produce a large atomic explosion. In any case a maximum effort will be made to produce a practical bomb in quantity at the earliest possible date.

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5. Weekly Summary Excerpt, 2 August 1946, Soviet Propaganda Increases Attacks on US; Soviet Aims in Supporting German Unity; Hungary's Coalition Under Increasing Tension

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Soviet Propaganda Increases Attacks on US

During the past two months Soviet propaganda against the United States has increased in volume and intensity, while attacks on Great Britain, the chief Soviet propaganda target during the early part of the year, have diminished. The Soviet press, which last March extolled the tradition of "unvarying political friendship" between the US and USSR, now sees US "atomic diplomacy" and its alleged attempt to impose a "pax Americana" on the world as the principal threats to international peace.

The shift of propaganda emphasis from the UK to the US appears to have several aims. One is to influence US policy by arousing anxiety among US groups who fear the consequences of a firm US attitude toward the USSR at the Paris Peace Conference and in other fields of conflicting interests. Another is to prepare the Soviet people for a possible deterioration of relations with their former US allies. A third objective, which the Soviets appear to feel was not achieved by their attacks on the British, is to split the "Anglo-American bloc." In support of this aim the Soviet press has played up clashes between British and US economic interests in Yemen, the oilfields of the Middle East, and Anglo-American competition for the markets of India and the Far East.

In the current shift of emphasis from the UK to the US, however, the basic aim of post-war Soviet propaganda remains the same: to prevent the formation of any bloc of countries outside the Soviet sphere, and to maintain the unity of the Soviet people behind the Government by emphasizing the menace of "capitalist" powers seeking to "encircle" the USSR.

Soviet Aims in Supporting German Unity

The recent Soviet proposals in support of the unification of Germany must be viewed in the light of developments in the Soviet Zone to appraise their true significance.

Within the Soviet Zone, the USSR dominates almost completely the political and economic life of the people. Political control has been

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assured by the Soviet-created SED Party, which was formed by forcibly merging the Socialist and Communist Parties. The effectiveness of Soviet control is evidenced by the recent affirmative vote on the nationalization of property in Saxony, and it appears certain that the SED Party will dominate the coming elections. Although complete nationalization has not been enforced throughout the entire Soviet Zone, private commercial and industrial property in the US sense of the term can be said to be non-existent. It is particularly noteworthy that these developments in the Soviet Zone have taken place in large measure while the Allied Control Authorities have been considering uniform property treatment to be applied throughout Germany.

In view of the need to consolidate the gains already made, it is unlikely that the social revolution in the Soviet Zone will proceed much further during the next year or two. However, the USSR's proposals looking toward the removal of zonal barriers suggest that the Soviets consider that their control over Eastern Germany is now secure and that they are in a position to launch a vigorous campaign to communize the Western Zone as soon as the zonal barriers are removed.

Hungary's Coalition Under Increasing Tension

The Hungarian Government's acquiescence in Soviet demands for a purge of "fascist" organizations and Government officials has produced increasing tension between Hungarian leftists and conservative groups, and a near-revolt within Premier Nagy's Smallholders' Party. Members of the Smallholders' Party in the Assembly have demanded the resignation of the Communist Interior Minister responsible for carrying out the Soviet demands. The Minister subsequently agreed to reinstate Government officials who had been purged, and a final decision on the dissolution of Church organizations has not yet been reached. Nevertheless, Cardinal Mindszenty, a leading anti-Communist, reportedly plans to order the resignation from the Government of influential clerics who have endeavored to avoid an open break with the leftists. Such a step would remove an important moderating force from conservative Government circles and widen the split between leftists and the Church.

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Meanwhile Nagy has had great difficulty in avoiding an open split within his own Smallholders' Party, a large part of which opposes his concessions to leftist and Soviet demands, and insists upon the expulsion of left-wing members as "fellow-travelers." Nagy appears exhausted and despondent and would eagerly give up his official responsibilities were it not for his conviction that he and Mikolaczyk in Poland are the principal barriers to the Communist sweep in Eastern Europe.

Nagy's continuance in office will depend on the Soviets, who, for the present, appear determined to preserve at least the form of coalition government in Hungary. It seems likely, however, that Hungary's condition may soon come to resemble that of Poland, Rumania, and Bulgaria, with an entirely pro-Soviet regime prepared to tolerate only a paralyzed and ineffectual opposition. Political developments in Hungary after the peace treaty is signed will depend largely upon the size of the Soviet force left in the country to guard Soviet lines of communication.

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6. Weekly Summary Excerpt, 16 August 1946, Soviet Proposal for Revision of Straits Convention; Bulgarian Government Prepares for Elections

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Soviet Proposal for Revision of Straits Convention

The Soviet note to Turkey proposing revision of the Montreux Convention is in part similar to last November's US and UK proposals. The Soviet note differs from those of the US and UK in urging restriction of responsibility for the Straits to "Black Sea powers" and joint Soviet-Turkish organization of Straits defense. The Turks appear certain to reject these Soviet proposals, which they regard as aimed at establishing Soviet bases in the Straits. In their rejection they can presumably rely upon US and UK support, and are in fact citing their 1939 treaty with the UK as the basis of their Straits policy.

The Soviet proposals have not surprised the Turks, who had late in July expressed fear of a surprise attack in case Soviet diplomatic methods proved unsuccessful, and had been reported fortifying the Straits (under a British plan) for a last-ditch stand. The Turks recently have conducted their first national election in many years and appear to have maintained national unity despite the vigorous showing of the opposition Democrat Party and the subsequent formation of a new "tough" Cabinet to deal with opposition elements. All Turkish factions, including the Democrats, have united in assailing the Soviet proposals and are expected to manifest their traditional stubbornness in the face of a threat from the North. The Turkish Premier has indicated that he will discuss the "reasonable" elements in the Soviet note but will refuse to consider those items which threaten Turkish sovereignty.

Soviet policy toward Turkey, as expressed in the revision note, aims at virtual control over the Black Sea Straits; the fundamental Soviet objective is the establishment of a "friendly" government in Turkey as well as in the other countries of the Middle East. These aims spring from a combination of strategic and political factors. Soviet security requirements from the Baltic to the Black Sea are at least temporarily fulfilled except for extension of control over Turkey. The Kremlin may, however, regard the Caucasus oil fields and the newly-developed industrial centers east of the Urals as vulnerable from the South. Moscow has long coveted the warm-water ports and rich oil deposits of the Black Sea-Persian Gulf area. The Soviet Union hopes for positions which could threaten the British "life line" and

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British strategic oil fields. Soviet dominance of Turkey would establish the USSR on the threshold of Arab territories which offer a fertile field for political and economic intrigue.

It appears unlikely that the Kremlin will follow up its note to Turkey with a resort to armed force, although such a possibility cannot be ignored in view of Zhukov's presence in Odessa and rumors of military and naval activity in that area. There seems to be no evidence to support rumors of a possible Soviet-supported offensive from Bulgaria, since Red Army strength in that country is estimated to have been cut from 155,000 in May to 80,000 in July. The Soviet Union already is extended in Eastern Europe and may decide to forego further expansion until its control over the satellite states can be more thoroughly consolidated. An attack now not only would destroy the UN (which still can be useful to the Kremlin), but would reveal too clearly the true responsibility for such destruction. The USSR probably has once again presented extreme demands in the hope of attaining a somewhat more limited objective.

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Bulgarian Government Prepares for Elections

The Communist-controlled Government of Bulgaria is rapidly completing its preparations for the national referendum on 8 September and the election of a constituent Grand National Assembly on 27 October. Since no important political group in the Government or opposition favors retention of the Monarchy, the referendum will result in the choice of a republic and will represent a true expression of the national will.

Despite assurances to the US that the elections will be free, it is clear that actually they will reflect the wishes of only a small minority of the population. The opposition parties will be unable to offer any serious threat to the Government. Prominent opposition leaders are now scheduled for trial as "traitors" and "Fascists," while lesser leaders and the opposition rank and file have been subjected to increasing terrorism. The recent compulsory labor law, authorizing the mobilization of all persons not engaged in "useful social activity," is directed against all opponents of the regime, particularly the well-to-do, who are characterized as "agents of the foreign powers." The purge of the Bulgarian Army, formerly regarded as the chief obstacle to complete Communist domination of the country, has culminated in extended "sick leave" for War

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Minister Veltchev and the dismissal of about half of the officer corps. Many of the latter are scheduled for political trials. The officer corps thus has been reduced to a "hard core" of Government and Communist supporters and the regime has been relieved of the danger of a military coup.

Despite its effective suppression of the opposition, the Government during the coming weeks will probably make a major effort to dissuade its opponents from boycotting the elections. The Government apparently feels that opposition participation in the voting will make it difficult for the US or UK to question the legality of the results. The opposition's only remaining weapon thus appears to be its ability to prevent such a fraudulent appearance of national unity.

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SOVIET MILITARY POLICY IN EASTERN EUROPE

The Soviet Union is engaged in a systematic effort to consolidate its military influence in Eastern Europe before the European peace treaties are signed. This effort is an integral part of the larger policy of assuring the permanent political, economic and military orientation of that area toward the USSR. In particular it is designed to prevent any Eastern European country from becoming an accomplice to a future attack on the USSR, or providing an avenue of approach for a hostile army. Soviet authorities hope to achieve this end by organizing the armed forces of the Eastern European nations so that they can be swiftly integrated at any time into overall Soviet strategic plans -- defensive or offensive.

The eight nations in this Soviet sphere of influence (Yugoslavia, Albania, Bulgaria, Rumania, Hungary, Czechoslovakia, Poland and Finland) have a combined population of approximately 86,500,000. Their armies at present total slightly more than 1,000,000 men, a very large proportion of whom have had experience in wartime campaigns or partisan operations. However, with the exception of Czechoslovakia, which has extensive armament industries, they suffer from lack of modern equipment and have from the Soviet view-point serious shortcomings in organization, leadership and political reliability.

In their efforts to improve this situation the Soviets have distinguished between the nations which supported the United Nations and those which fought with the Axis. To the former (Yugoslavia, Albania, Czechoslovakia and Poland) the USSR is giving extensive military aid in the form of equipment, training, improvement of communications and general supervision of organization. In the latter (Bulgaria, Rumania, Hungary and Finland), Soviet policy is chiefly concerned with eliminating potential anti-Soviet elements and developing a well-organized cadre of thoroughly indoctrinated Communist personnel.

The present Yugoslav Army numbers about 300,000 men. It probably will not be expanded in the near future, but a steady improvement in organization and equipment is expected to continue under Soviet auspices. Last June the USSR concluded a military pact to furnish the Yugoslavs with undisclosed quantities of arms and equipment. Since

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early this year a Soviet military mission, with representatives in all parts of Yugoslavia and in all tactical units, has assisted in the training and reorganization of the Yugoslav Army. Meanwhile several hundred Yugoslav officers and specialists are being trained in the USSR. Road, rail and bridge construction for military purposes is being carried out in strategic areas by Soviet engineers or under their direction.

The Albanian Army, estimated at 100,000 men, is closely affiliated with that of Yugoslavia. An estimated 1,500 Soviet troops are supervising the construction of roads and coastal fortifications in Albania, and key Albanian Army officers are studying in the USSR.

The Czechoslovak Army of about 140,000 men apparently is being enlarged. After the conclusion of hostilities in Europe Soviet authorities undertook to equip some nine Czechoslovak divisions. In the military accord recently reached in Moscow they agreed to furnish on long-term credits additional equipment, possibly for as many as ten additional divisions. These agreements will serve the double purpose of standardizing Czechoslovak military equipment on Soviet lines and allowing part of Czechoslovakia's large armaments industry to be diverted to civilian production. Czechoslovak officers are receiving advanced training in Soviet military schools, and the Czechoslovak internal security force is controlled by Soviet officers. On the other hand, the trend toward Communist domination of the Czechoslovak Army has been slow.

The Polish Army is presently estimated at 215,000, and Polish authorities have indicated their intention of enlarging it with Soviet aid to 500,000 in the near future. Although the Army is headed nominally by a Polish Marshal, all important decisions are made by a Soviet General. Many key posts are held by Soviet officers, and the supply and transportation system is in Soviet hands. Virtually all weapons and equipment are Soviet-supplied, and new equipment is to be furnished by the USSR on a long-term credit basis.

The Bulgarian Army, now approximately 65,000, will probably be reduced under the peace terms to a maximum of 55,000. Relatively little material has been given the Bulgarian Army, although a small

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number of Bulgarian officers are being trained in the USSR. In anticipation of the withdrawal of Soviet troops 90 days after the Bulgarian peace treaty becomes effective, the Soviet authorities have instigated a drastic purge of all Bulgarian officers not in sympathy with Communist ideology. The primary Soviet aim appears to be the establishment of a Communist cadre which will bolster the pro-Soviet Bulgarian regime after the withdrawal of Soviet forces.

The Rumanian Army of 140,000 men will probably be reduced by the peace treaty to 120,000. Soviet military aid has consisted chiefly in the training and equipping of two complete divisions which constitute the bulk of the Army's tactical striking forces. In the remainder of the Army there has been less progress than in Bulgaria toward the establishment of a Communist-indoctrinated cadre.

While Hungarian authorities have offered strong resistance to Soviet penetration and control, a Communist has been installed as Chief of the General Staff and other important posts are held by Communist sympathizers. The draft peace treaty allows Hungary an army of 65,000, but her military strength will be determined by the degree of future Communist pressure, which aims to keep the Army small and the leftist-dominated internal police force large.

Soviet policy has been to keep the Finnish Army small and impotent. Repeated purges under Soviet pressure have curtailed its efficiency, and under the draft peace treaty the Army is to be limited to 41,500 men. However, Communist attempts to penetrate the Army have met with determined Finnish resistance.

Despite varying degrees of unrest and resistance to Soviet domination among the Eastern European countries, it is expected that when the present draft peace treaties are concluded, the entire western border of the USSR will be effectively flanked by a Soviet-controlled military bloc.

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8. Special Study No. 3, 24 August 1946, Current Soviet Intentions

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CURRENT SOVIET INTENTIONS

24 August 1946

I. During the past two weeks there has been a series of developments which suggest that some consideration should be given to the possibility of near-term Soviet military action.

A. Soviet propaganda against the US and UK has reached the highest pitch of violence since Stalin's February speech and follows a line which might be interpreted as preparing the Russian people for Soviet military action.

1. It states that "reactionary monopolistic cliques" and "military adventurers" are now directing US policy toward "world domination" through "atomic" diplomacy. The US has abandoned the Rooseveltian policy which gave hope of collaboration with the USSR and the other "freedom-loving people" of the world.

2. It attacks the Anglo-American "bloc" as "dividing the field" throughout the world and gives a detailed account of Anglo-American "imperialistic" actions, including British troop movements to Basra and Palestine and US military operations in China and attempts to secure outlying air bases.

3. Embassy Moscow interprets the attacks outlined in 1 above as notice to the Communist Party in the USSR that there is no longer any hope of friendly relations between the USSR and the Western Powers.

4. Tito, in his speech of 21 August on the international situation, raised the issue to a world-wide ideological plane when he stated categorically that there is no question today of two fronts: Western and Eastern. The question today is one of true democracy versus reactionaries throughout the world. In Soviet terminology this obviously means communism versus non-communism.

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B. The Soviets have re-opened the Straits issue with a note to Turkey demanding exclusive control by the Black Sea Powers and joint Soviet-Turkish defense of the Straits.

C. Yugoslavia, after sending the US a note protesting the violation of her sovereignty by daily flights over her territory of US transport and military aircraft, has shot down two US aircraft, and defended such action as justified.

1. US Military Attache Belgrade in commenting upon these incidents stated that while he had not previously believed that Russia and Yugoslavia were ready to fight, he regarded these incidents as indicating that they were willing to risk a "prompt start."

D. Molotov in his speech on the Italian treaty indicated clearly that the Soviets intended to exclude the Western Powers from Danubian trade and stated that if Italy respected the most-favored-nation principle she would lose her freedom to the monopolistic capitalism of the Western Powers.

II. As opposed to the above indications which suggest the possibility of aggressive Soviet intentions, it may be noted that:

A. We have as yet no information of any change in the Soviet demobilization program. In fact, the latest indications are that it has been slightly accelerated.

B. We have as yet no indications of any unusual troop concentrations, troop movements, or supply build-ups which would normally precede offensive military action.

C. We have had no indications of any warning to Soviet shipping throughout the world.

D. There appears to be no reason, from the purely economic point of view, to alter our previous estimate that because of the ravages of war, the Soviets have vital need for a long period of peace before embarking upon a major war.

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E. There are no indications that the Soviets have an operational atom bomb.

III. In spite of the factors outlined immediately above, the Soviets might conceivably undertake a concerted offensive through Europe and Northern Asia on one or a combination of the following assumptions:

A. That a foreign war was necessary to maintain the present leadership in power, in the face of serious internal discontent.

1. There have been indications of discontent in the Ukraine and in the Murmansk and other areas. There have been a number of purges. The Soviet press, in appeals to the people for improvement, has revealed internal difficulties in many fields. The recent inauguration of a wide program of Marxist reindoctrination suggests a breakdown in discipline. However, we have no real basis for evaluating the extent and seriousness of such discontent or its potentialities for effective resistance to the present regime.

2. Although the people of the USSR are tired of war and industrial production is down, the Party is probably still sufficiently powerful to secure, through propaganda, acceptance of further war.

B. That in view of the strength of the Soviet forces in Northern Asia and in Europe (as opposed to Allied forces) a sudden offensive might secure these areas without much difficulty, and place the USSR in an impregnable economic and political position.

C. That the US was war-weary and would not hold out against a fait accompli in B above.

D. That a combination of militaristic marshals and ideologists might establish ascendancy over Stalin and the Politburo and decide upon a war of conquest.

1. Evidence to date, however, indicates that the Party dominates the military.

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IV. In weighing the various elements in this complex situation the most plausible conclusion would appear to be that, until there is some specific evidence that the Soviets are making the necessary military preparations and dispositions for offensive operations, the recent disturbing developments can be interpreted as constituting no more than an intensive war of nerves. The purpose may be to test US determination to support its objectives at the peace conference and to sustain its commitments in European affairs. It may also be designed equally for internal consumption: to hold together a cracking economic and ideological structure by building up an atmosphere of international crisis. However, with the Soviet diplomatic offensive showing signs of bogging down, the possibility of direct Soviet military action or irresponsible action by Soviet satellites can not be disregarded.

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9. Weekly Summary Excerpt, 30 August 1946, Soviet Internal Problems

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Soviet Internal Problems

Available information on current conditions inside the USSR, though meager and inconclusive, leaves little doubt that there is discontent among the people and confusion in the state economic machinery. The USSR faces its tremendous task of post-war reconstruction handicapped by disturbing internal stresses.

The few foreign observers who have had a chance to talk with Soviet citizens report frequent complaints over the hardships of everyday life and disappointment that the long-promised fruits of victory have not been forthcoming. While the general attitude seems to be one of characteristic Russian fatalism rather than resentment, there have been occasional reports of overt resistance to state authority, especially in the Ukraine. The situation is no doubt aggravated by returning military personnel, who bring back stories of relative luxury in other countries and who find civilian living standards below those enjoyed by the Red Army. The Kremlin's sensitivity to these developments is probably increased by its awareness of the substantial number of cases of desertion and collaboration with the enemy during the war. Another cause for alarm, according to Party organs, is the recurrence of private property conceptions among the rural population, especially in areas previously under German occupation.

Disaffection in higher circles also is evident. Persistent reports of shake-ups in the Army high command tend to substantiate rumors that the Marshals are not satisfied with their peace-time status, while "socialist justice" seems to be overtaking a number of prominent Party, governmental and literary figures. Explanations are varied, but it is likely that the militant domestic and foreign policies now being laid down necessitate weeding out those suspected of pro-Western leanings. The dismissal of Litvinov and the transfer of Zhukov, both closely identified with Soviet-American collaboration, are particularly significant.

Economic difficulties, which in most cases are officially attributed to inefficient local management and corrupt minor officials, are probably due also in part to war-worn factories and sagging worker morale. There is evidence that personal profiteering and the falsification of production figures, which are now receiving so much attention in the Soviet press,

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were relatively common practices throughout the war and often were carried on with the knowledge of the highest authorities. The sudden and violent campaign against them may result from the Kremlin's desire to disown what has become a widely-known scandal.

While the evidence outlined above indicates that Soviet internal difficulties are serious, there is no reason to suppose that they are critical. The Kremlin may be counted on to take all possible steps to correct them, and one such step is to point to the threat of foreign aggression. The resulting atmosphere of crisis can serve to stimulate effort and distract attention from the hardships of everyday life.

Should Soviet internal conditions, in the eyes of the Kremlin, reach an alarming state of deterioration and the Soviet diplomatic offensive fail in its current objectives, Soviet leaders might conceivably seek a "short and easy" war in order to strengthen internal cohesion, regain domestic control, and exploit their present military superiority in critical areas.

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10. Weekly Summary Excerpt, 20 September 1946, Effect of Demobilization on Soviet Military Potential; Effects of Soviet Propaganda

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Effect of Demobilization on Soviet Military Potential

The third stage of the Soviet demobilization program was approximately completed on 1 September. Seven classes (1922-1928, inclusive) remain under arms. Current reports support previous estimates that no further substantial demobilization is presently intended.

The strength of the Soviet armed forces is now estimated at 4,500,000 men, well below the wartime peak of 12,500,000, but well above the pre-war norm of 562,000 in 1933. Even with the release of 8,000,000 men to civilian tasks of reconstruction and development, the Soviet armed forces remain most formidable in both absolute and relative terms.

There are now 1,600,000 Soviet troops in Europe outside the USSR, and even where forces in Europe have been reduced, heavy equipment has been left behind so that it can be manned on short notice. The Soviets also have shown a marked interest in equipping and training satellite armies along Soviet lines. The Yugoslav Army, for example, plans to reach a strength of 1,000,000 men by 1948, and for all practical purposes should be included in considering the Soviet potential.

The massive Red Army of the past, designed primarily to defend the vast Eastern European front, was deficient in transport, equipment and organization and proved unwieldy in many operations. Almost all of its offensive successes were achieved through the skillful use of mobile striking forces. As a result of these lessons, mobility is the prime concern of present Soviet military planning. In achieving it, the release of masses of "peasant" infantry troops and the retention in service of smaller numbers of highly-trained and well-equipped specialists is a logical step.

The Soviet demobilization to date has resulted in no reduction of Soviet military strength in critical areas. Discontinuance of demobilization at this point indicates an intention to retain overwhelming superiority in immediately available military power for an indefinite period.

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Effects of Soviet Propaganda

The continuing Soviet propaganda barrage against the "reactionary" and "war-fomenting" activities of the US and UK appears designed, first, to keep alive in the US and the UK active opposition to any firm policy toward the USSR; and second, to spur the Soviet masses to greater effort by raising the specter of imminent patriotic war.

In its first objective, the undertaking has met with considerable success. Many moderate and liberal groups have been so divided over the issue of policy toward the USSR that their potentialities for opposing Soviet tactics have been at least neutralized.

The effects of the campaign within the USSR are more difficult to appraise. While there is little doubt that it has seriously alarmed the Soviet people, scattered reports indicate that it has depressed rather than inspired them. The average citizen of the USSR seems to be anxious and distressed over the prospect of another war, and bewildered as to why the US and Britain should "want" it. The Soviet masses are suffering from severe emotional and physical exhaustion, and in many cases are bitterly disappointed that the long-promised increases in freedom and comfort have not followed the defeat of the Axis. Ideological purges and alarmist propaganda have not checked this condition, and the majority of the Soviet people appear eager for any straw of reassurance as to Anglo-American intentions.

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11. Weekly Summary Excerpt, 25 October 1946, Significance of Personnel Changes in Soviet Hierarchy; Communist Setback in Hungary

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Significance of Personnel Changes in Soviet Hierarchy

The announcement that V. S. Abakumov has been appointed Minister of State Security and that G. M. Malenkov has been relieved of his duties as member of the Presidium of the Supreme Soviet and designated Deputy Chairman of the Council of Ministers, may have some connection with reports that Stalin is in poor health and is absent from Moscow. If Stalin really is ill, any present jockeying for position among members of the Kremlin's ruling clique may foreshadow a serious rivalry among possible successors.

Little is known of Abakumov's background except that he was reportedly chief of the Soviet Army's counter-intelligence service during the war, and has since been Deputy Commissar of the NKVD (now MVD) in charge of counter-espionage. The first hint of his elevation to ministerial rank was the prominent position given him at Stalin's dinner for the Czechoslovak Premier on 25 July. His role as chief of the Ministry of State Security (MGB) is one of great responsibility, since that organization has assumed most of the secret police functions formerly carried out by the NKVD.

Abakumov's appointment confirms rumors which have been circulating for some time to the effect that the former MGB chief, V. N. Merkulov, had been dismissed from his post. Some of these rumors have suggested that Merkulov had fallen into disfavor, but it is equally possible that he has been shifted to some other responsible work. He was formerly considered the right-hand man of Marshal Beria, ex-chief of NKVD, who is now believed to be supervising the Soviet atomic project. Merkulov may have joined Beria in this undertaking.

Malenkov's reassignment is of particular interest in view of his apparent preeminent position in the Kremlin's inner circle. He has often been mentioned as the candidate most favored to succeed Stalin. He has for some time held the positions of Secretary and Director of Personnel of the Central Executive Committee of the Communist Party--positions comparable to those which Stalin held at Lenin's death. While there is no evidence that Malenkov has been removed from these key positions, a report from a usually reliable source indicates that he has fallen into

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disfavor. Such a possibility takes on added weight from the fact that in the current clean-up in intellectual and agricultural circles, Zhdanov, another contender for supreme power, appears to have been selected to serve as Party "hatchet man."

Communist Setback in Hungary

Premier Nagy's majority Smallholders Party appears to have won its latest behind-the-scenes struggle for political power with the leftist parties and to have averted temporarily any further Soviet domination of Hungary.

Since the formation of the present coalition Government, Nagy, despite his Party's 60% majority, has compromised both with the right wing in his Party, which resents Communist participation in the Government, and with the Communists. The latter have relied on the presence of the Soviets to extend their influence in the Government far beyond that justified by their popular vote (16% of the total) in the last elections. Although Nagy's middle-of-the-road policy has resulted in numerous political crises, Hungary has been far more successful than other satellite states in maintaining a degree of independence from Soviet control. The Soviets have deeply penetrated Hungary's economy through the formation of joint Soviet-Hungarian corporations, but the country still enjoys substantial freedom of press, religion and political activity.

The latest crisis grew out of Nagy's determination to capitalize on popular discontent with Soviet failure to support Hungary at Paris. Accordingly he increased his resistance to Soviet influence and encouraged political and economic orientation to the West. It was expected that the Communists would retaliate with demands for sweeping concessions from the Smallholders, including expulsion from the Party and the Assembly of extreme rightist Smallholders, and for sweeping electoral "reforms." However, the reluctance of the USSR to intervene in behalf of the Communists and of the leftist Social Democrats to support the extreme Communist position forced the Communists to modify their demands to a point where they can be acceptable to the Smallholders.

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12. ORE 3/1, 31 October 1946, Soviet Capabilities for the Development and Production of Certain Types of Weapons and Equipment

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ORE 3/1

31 October 1946

Date 21 Jun 92

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CENTRAL INTELLIGENCE GROUP

SOVIET CAPABILITIES FOR THE DEVELOPMENT AND PRODUCTION OF CERTAIN TYPES OF WEAPONS AND EQUIPMENT

1. Herein is presented an estimate of Soviet capabilities in the development and production, during the next ten years, of certain weapons and equipment, as follows:

The atomic bomb	Fighters
Guided missiles	Radar
Heavy bombers	Submarines

2. Any report of this nature is at best educated guesswork. An estimate of capabilities ten years hence obviously cannot be based on evidence, but only on a projection from known facts in the light of past experience and reasonable conjecture. The estimates herein are derived from the current estimate of existing Soviet scientific and industrial capabilities, taking into account the past performance of Soviet and of Soviet-controlled German scientists and technicians, our own past experience, and estimates of our own capabilities for future development and production.

3. In view of the Soviet Union's relatively low industrial potential, of the evident necessity to devote much of her effort to restoring and developing her transportation system and heavy industry in general, and of her limited technological advancement, particularly with respect to precision instruments and electronic controls, it seems reasonable to assume that during the next ten years she could not carry out advanced development and quantity production simultaneously in all of the fields under consideration. The selection of those fields in which a maximum effort was to be made would be governed by political or politico-military considerations. The common assumption, supported by many indications, is that every other Soviet program has been subordinated to the development of an atomic bomb. It is not clear that the Soviet authorities have yet made a firm determination of other priorities. In any case, it must be understood that the estimates which follow assume a maximum effort in each case, that such an effort is not possible in every case, and that in some cases actual development will fall short of the maximum capability indicated, in accordance with the priorities assigned.

4. *The atomic bomb.* Our real information relating to this subject is meager. It is probable that the capability of the U.S.S.R. to develop weapons based on atomic energy will be limited to the possible development of an atomic bomb to the stage of production at some time between 1950 and 1953. On this assumption, a quantity of such bombs could be produced and stockpiled by 1956.

5. *Guided Missiles.*

a. *Ground to ground.* The U.S.S.R. is not believed to be capable of carrying out advanced development and quantity production of radically new weapons of this type within the next ten years. However, by making full use of German facilities under Soviet control, the U.S.S.R. is capable of attaining by 1950 quantity production of V-1 and V-2 missiles with increased ranges and some improvement

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in accuracy. The possibility that the German A-9, A-10, and associated missiles may be developed to an effective range of 3000 miles within the next ten years is considered remote.*

b. *Surface to air.* The U.S.S.R. is considered capable of putting into production by 1950 anti-aircraft missiles of the German Wasserfall or Smetterling type.

c. *Air to surface.* The U.S.S.R. is considered capable of developing to the production stage by 1950 a missile of similar type to the German HS-293, possibly equipped with a proximity or influence fuse.** Fighter or bomber borne missiles with rocket assisted impact power can be expected in quantity within the next ten years.

6. *Heavy bombers.* The U.S.S.R. is capable of developing and producing by 1948 a bomber with the approximate characteristics of the B-29, and of achieving a production rate of 150 per-month by 1950. By 1951 the Soviets will be capable of maintaining 2000 operational aircraft of such type supported by a stored reserve of equal strength. The development of new types of destructive agents may reduce the importance of bomb carrying capacity and make range and speed the primary factors in design.

7. *Fighter aircraft.* Within the next five years the U.S.S.R. is capable of developing and producing an effective defense force of jet interceptors of subsonic speed. Fighter aircraft will be almost entirely jet propelled, but it is considered improbable that supersonic speeds will be developed in this period.

8. *Radar.* Within ten years the Soviets will have the construction and operational capabilities in the radar field which existed in the United States in 1945. They will exploit the use of radar in establishing integrated systems of warning networks.

9. *Submarines.* It is believed that the U.S.S.R. will concentrate on building the German type XXI boat, since in feasibility of both construction and further development this type offers the prospect of most immediate returns. Using German facilities, the U.S.S.R. should be capable of constructing up to 300 of these craft by 1950. Thereafter production would be virtually unlimited except by priorities. The U.S.S.R. is capable of developing by 1956 a guided missile launching device for use on these submarines.

* AC/AS-2 holds that it is "entirely possible that quantities of 3000-mile rocket propelled missiles . . . will be available to the Russians in 1955."

** AC/AS-2 would emphasize the view that by 1950 the U.S.S.R. will also have stockpiled "quantities of missiles similar to the German 'Bomben Torpedo,' equipped with a proximity or influence fuse, which will have lethal capabilities against sea-borne forces."

13. Weekly Summary Excerpt, 8 November 1946, Communist Pre-Electoral Tactics in Rumania

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Communist Pre-Electoral Tactics in Rumania

The Communist electoral pattern, so successfully delineated in Yugoslavia and Bulgaria, will be repeated with only minor variations on 17 November when the Rumanian people vote in their first post-war election. The Groza Government, although faced with an opposition conservatively estimated at 75 per cent of the electorate, is determined to win an 85 per cent victory. It has accordingly conducted a campaign of violence and terrorism that will make it impossible for the Opposition to register its full strength at the polls. The Rumanian election, therefore, will probably reflect the will of the people even less truthfully than did the elections in Bulgaria and Yugoslavia, where opposition to Communism was neither as well organized nor as determined.

The Government's extreme measures against the Opposition indicate the Communist Party's estimate of what was necessary to insure a vote that would justify complete Communization of the country. Under the guise of the Communist-sponsored and administered electoral law, large numbers of potential Opposition voters have been unable to register, many do not yet know whether they are registered or not and those protesting non-registration must present 16 separate documents, many of which are unobtainable. Communist control of printers' unions, the radio, newsprint

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distribution, and censorship has successfully prevented the Opposition from publicizing its campaign. The Government has attempted to discredit Opposition leaders by accusing them of subversive activity and subjecting their homes to frequent search. Many are in jail without formal charge. Violent physical attacks on Opposition leaders are an almost daily occurrence. Communist strong-arm squads, with the tacit approval of the police, have successfully disrupted the majority of the Opposition's political meetings.

The Communists have further strengthened their position by the now familiar tactics of dividing the Opposition parties and of currying or forcing the support of minority groups. Both historical parties (National Peasants and Liberals) have dissident groups represented in the Groza Government. The Jewish Groups, fearful of the growing anti-Semitism in Rumania, have promised their 200,000 votes to the Government Bloc in return for substantial concessions. The Communists, in their desperate search for support, have even allowed several former fascist Iron Guard leaders to retain prominent Government positions. For the first time in Rumania's history, the Army, now "revitalized," will vote (with obvious results, despite reliable reports that the individual Rumanian soldier has not accepted Communist ideology).

Election day will probably be quiet. Opposition leaders admit their impotence to combat a reign of terror which on that day will be backed by the Army, the secret police, the militia and an estimated 10,000 armed Communist reservists specially called up for the occasion.

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COMMUNIST MANEUVERS IN HUNGARY

Summary: The Hungarian Communist Party and the Soviets are making a persistent effort to split the Smallholders' Party in order to strengthen their control over Hungary prior to the withdrawal of Soviet troops and the signing of a peace treaty. There is disagreement within the majority Smallholders' Party as to concessions which it must make to the Communists to avoid Soviet retaliation. If Premier Nagy can resolve these differences within his Party, he may be obliged to acquiesce only to a mutual assistance treaty with the USSR.

Renewed efforts by the Soviets and the Hungarian Communists to dominate Hungary prior to the withdrawal of Soviet troops have precipitated another serious crisis for Premier Nagy's coalition Government. The Soviets, despite their effective control of the country's major industries through joint Soviet-Hungarian monopolies, recognize that Communist strength is not sufficient to insure a Government "friendly" to the USSR. The Communist Party is therefore making a persistent effort to split the majority Smallholders' Party, which controls 60% of the National Assembly and is therefore an effective brake on Communist encroachment.

Although all parties, including the Communists, agree on the need to maintain a coalition Government, the Communists are working to increase the number of parties in the coalition in order to improve their relative position and increase their influence. They have therefore encouraged the formation of the new Freedom Party, which is composed of rightist elements purged from the Smallholders' Party. The Communists have also made numerous demands upon the Smallholders primarily aimed at causing dissension between the right and left wings of the Party. These demands include: (1) expulsion of additional right wing members; (2) postponement of local county and municipal elections; (3) changes in the electoral law which would disenfranchise many "reactionary" Smallholder supporters; (4) curtailment of the political activity of the Catholic Church, and particularly its control of the educational system; and (5) abandonment of the Smallholders' plan to establish "Grange" organizations which would be independent of the Communist-dominated Trades Union Council. In addition to these political maneuvers, evidence

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exists that the Communists and the Soviets are deliberately obstructing the country's economic rehabilitation in order to capitalize on the resulting unrest.

The Communist plan to divide and rule has partially succeeded. President Tildy and Premier Nagy, both Smallholder leaders, reportedly disagree as to what concessions they must make to the Communists to avoid Soviet retaliation. Tildy apparently believes that the Soviets will insist on full compliance with Communist demands as the price for preservation of the Smallholders' majority position in the Government. Nagy, on the other hand, believes that further submission to Communist pressure would be as detrimental to the Smallholders' Party as any possible Soviet retaliation. Nagy also believes that the Communists may be bluffing, since (1) they would probably not risk a fair test of strength at the polls; (2) they are as anxious as the Smallholders to maintain the coalition Government; and (3) there are indications that the leftist National Peasants and Social Democrats may themselves revolt against Communist domination of the Leftist Bloc.

The future of the Smallholders' Party appears to depend largely on Nagy's ability to maintain a united front within the Party to resist the Communists' demands and on the present Government's ability to survive a winter of inevitable economic hardship. In the last analysis, however, the Kremlin's attitude will be the deciding factor. Although the Soviets will not relax their efforts to strengthen the Communist Party in Hungary before signing a peace treaty or withdrawing their troops, there are indications that they may be unwilling to take extreme measures if the Smallholders' Party refuses to meet the Communists' demands. They may then be forced to settle temporarily for a mutual assistance pact with the present regime in the hope that it would cooperate sufficiently to protect immediate Soviet military and economic interests.

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15. Weekly Summary Excerpt, 20 December 1946, The Soviet Outlook in Iran; Soviets Reverse Their Tactics in Austria

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The Soviet Outlook in Iran

Within a week following their entrance into Azerbaijan on 9 December, Central Government troops had virtually completed their conquest of the province. The Tabriz Government had collapsed, and national troops had occupied key points on the Azerbaijan-Soviet frontier. Furthermore, Qazi Mohammed (the rebel who had established a Kurdish "Republic" in Western Azerbaijan) and other Kurdish leaders had submitted to the Central Government and declared their loyalty to Qavam.

The Soviets are confronted not only with the Azerbaijan debacle but also with the greatly reduced effectiveness of the Tudeh Party (their chief Iranian tool) and the increased strength of all anti-Soviet elements. Accordingly, the USSR may now be expected to abandon direct action in Iran in favor of intensified infiltration and clandestine activity. The Soviets doubtless will also use the projected oil concession as an important means of penetration.

The USSR is likewise in a position to exert considerable economic pressure on Iran through the dependence of the Northern provinces upon the Soviet economy and the existence of large British concessions in the South. It is to be expected that Qavam will attempt to maintain friendly relations with the USSR and, if necessary, will support economic concessions which do not infringe upon Iranian sovereignty.

The Soviets, however, have suffered a serious set-back in Iran and to some extent have lost face in the Near East. Iranian independence appears to have been re-established unless the USSR is prepared to resort again to overt action and to risk UN intervention.

Soviets Reverse Their Tactics in Austria

The USSR's tactics in Austria have undergone drastic revision. After indicating that its forces would be withdrawn from the country by the third quarter of 1947, the Soviet Command concurred in two important US-supported resolutions which it had hitherto strongly opposed in the Allied Council. It agreed (1) to place both indigenous and imported food resources at the disposal of the Government for distribution throughout Austria; and (2) to settle the denazification issue along lines acceptable

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to the US. This latter concession is of special significance because the Soviets previously indicated that they were dissatisfied with the results achieved by the Austrian Government and that they would remain in occupation until they considered the program completed. They will now be unable to use the denazification issue in order to block consideration of an Austrian treaty.

The Austrian Government is planning, in January, to enter into bilateral negotiations with the USSR on the very difficult subject of German assets in eastern Austria, provided the US, UK and the three parties to the Austrian coalition Government concur. The Soviets have consistently refused to discuss the assets question in the Allied Commission and are in disagreement with the Austrians as to what constitutes legitimate German assets under the Potsdam agreement. The Austrians, however, are now proposing bilateral negotiations, in the belief that the Soviets are now in a frame of mind to make substantial concessions for the sake of a quick settlement.

The USSR now apparently is on the defensive in Austria and desires to secure its economic position by reaching an agreement with the Figl Government before discussion of Austrian peace terms this coming spring. Moreover, it has weakened its bargaining position by having given advance notice of its intention to withdraw by the third quarter of 1947.

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16. Weekly Summary Excerpt, 3 January 1947, The Polish Election; Possible Reopening of the Straits Question

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The Polish Election

Preparations by Poland's Communist-dominated Government for the country's first post-war election on 19 January differ little from those which swept Leftist blocs to victory in Bulgaria and Rumania. The Polish Government has flagrantly disregarded the Potsdam agreement regarding free elections and has intensified its ruthless suppression of all potential opponents. The election results, therefore, are predetermined. Vice-Premier Mikolajczyk's Peasant Party, which is backed by approximately 70% of the population, will probably be allowed no more than 25% of the vote.

Mikolajczyk has waged a determined but futile struggle against the now-familiar Communist electoral tactics. These include mass arrests of Opposition leaders and candidates, restriction of public speech and assembly, intimidation by secret police and armed forces, and manipulation of the electoral machinery. The Government has exploited the existence of an active underground as a pretext for its oppressive control of the country by secret police. It has also handicapped Mikolajczyk by linking him with the underground.

The certain defeat of the anti-Government forces on 19 January, coupled with scarcities of food and clothing, and exorbitant taxes, will produce an explosive situation which will challenge the law-enforcing powers of the new Government. Outright civil war, however, is unlikely. The underground, although well-organized, is not capable of effective action against the Polish Army and Security Police, both of which are firmly under Communist control and backed by Soviet occupation forces. More important, however, is Soviet unwillingness to allow widespread disorders at this time. Although armed conflict would give the Soviets an opportunity to annihilate the Opposition, it would also endanger Soviet communication lines to Germany and would give the lie to Soviet claims that the present Government has the support of the masses.

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The Polish Government has flatly denied US and UK charges of failure to fulfil the Yalta and Potsdam agreements. Communist leaders, furthermore, probably consider the loss of Western economic assistance and good will less important than the immediate risk of endangering their control of the Government by adherence to Western principles of democracy. The Communists' post-election plans, however, may include an offer of surface concessions to the Opposition in an attempt to avoid widespread internal disturbances and to obtain some economic aid from the US and UK. Mikolajczyk presumably would reject such concessions because their basic purpose would be to weaken the Opposition's ability to resist further Communist control of the country.

Possible Reopening of the Straits Question

The principle signatories of the Montreux Agreement on the Straits (1936) have recognized that some of its terms are out of date. No conference for revision has yet been called, however, because of Soviet insistence that the Black Sea states alone should control and defend the waterways; and Turkey, with US and British support, has refused to enter into discussions on this basis.

The recent conciliatory trend of Soviet foreign policy, particularly the USSR's non-intervention in the Azerbaijan affair and its failure to veto the Security Council's decision to investigate alleged border violations in Greece, have apparently suggested to the Turks the possibility of reaching an acceptable agreement at this time on the Straits issue. The Secretary General of the Turkish Ministry for Foreign Affairs recently told US Ambassador Wilson that he was considering the possibility of proposing a "regional agreement" for the war-time defense of the Straits to be undertaken by the US, USSR, UK and Turkey.

Such a proposal would provide a further test of the Soviet desire for genuine international collaboration. An abandonment of the Soviet insistence that the riparian states alone control the Straits would open the way for a general settlement of this issue. If, on the other hand, the USSR maintains its previous position, the Turks will have lost nothing by exploring the possibilities; the current deadlock will merely continue.

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Prospects in Indochina

Since French Overseas Minister Marius Moutet's visit to Indochina, French policy in regard to Vietnam has been committed to the "restoration of order" before negotiating with Vietnam. To restore order by force in northern Indochina would require military operations by large French forces for a period which the French estimate at six months to a year, but which would probably extend to two years or more. The French have attributed the fanatical Vietnam opposition they have so far encountered to the presence of many Japanese in the Vietnam ranks. In reality, few Japanese have been found either dead or alive in the fighting in Vietnam and French military difficulties may more accurately be ascribed to the tenacity and courage of the Vietnam defense as well as to the French lack of infantry and experience in handling armored units. (Approximately 2,500 former German prisoners of war are now unwillingly serving in French forces in Indochina.)

French authorities in Indochina now believe that extremist elements within the Viet Minh League (the political party of Vietnam) were responsible for the attack on Hanoi on 19 December which they feel destroyed all chances of compromise by its premeditated violence. Ho Chi Minh is believed to have come under the control of these extremists, though perhaps not wholeheartedly, and he is still held responsible by the French for Vietnam actions in the present hostilities. French colonial administrators in Indochina have expressed the naive belief that the people of Annam and Tonkin resent the "terrorism" of the Viet Minh League and would choose a more moderate and pro-French government if allowed to make a choice.

When order is restored, the French hope to establish a government in Vietnam which will permit French control of Indochinese foreign

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relations and which would consent to a separate state in Cochin-China. Such a government would be powerless to enforce its authority in Northern Indochina in the face of extremist resistance and popular contempt for its puppet status. The continued instability of Northern Indochina under such circumstances would spread to Southern Indochina and would threaten French control in Laos and Cambodia.

Leaders of Free Laos and Free Cambodian groups in conjunction with Vietnam representatives in Bangkok have issued a memorandum calling for UN intervention in the present situation in Indochina. The Vietnam radio has appealed for the support of Free Laos and Free Cambodian movements, and there are indications that these broadcasts have received a favorable response. Important Free Laos leaders have recently left Bangkok for the border territories and may take advantage of French involvement in Vietnam to oust the pro-French administration in Laos. Such an expansion of hostilities together with successful Vietnam resistance to the French would surely encourage extremist leaders in Burma, Malaya, and the Netherlands East Indies to stiffen their opposition to Western colonial powers.

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Communist-Instigated Purge in Hungary

The Hungarian Communist Party, in an attempt to extend its control of the country before the withdrawal of Soviet troops, has renewed its attack on the Smallholders' Party by arresting many of its leaders on charges of plotting to overthrow the Government. Neither the extent of the arrests, nor the truth of the Communist charges, nor even the degree of Soviet complicity can yet be definitely ascertained from the welter of conflicting rumors and counter-charges circulating in Budapest. This much is certain: the Communist-dominated Ministry of Interior and the political section of the Ministry of Defense are arresting all persons suspected of anti-Government activity, the majority of whom are rightist Smallholders who were active in the anti-German resistance movement. The Communists have accused them of belonging to an alleged subversive organization (The Hungarian Unity Movement), of plotting the overthrow of the Government, and of planning to return Admiral Horthy to power. There is little doubt that the Hungarian Unity Movement exists, but its members probably do not desire the return of Horthy or the overthrow of the present Government. More likely the Movement comprises a group engaged in long-range planning to prevent a possible Communist coup after withdrawal of Communist troops.

Premier Nagy's position is admittedly difficult. Although the Communists, as a means of achieving their political aims, have undoubtedly magnified the plot far beyond its actual importance, they have collected enough evidence implicating important Smallholder leaders to prevent Nagy from taking steps to quash the investigation and to make it difficult for him even to deny Communist charges that his Smallholders' Party is implicated with the accused. There is no evidence of direct Soviet complicity in initiating the arrests, but knowledge that the Communists have Soviet backing will also soften Nagy's resistance to Communist machinations.

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Regardless of the outcome of the trials of the accused, the Communists have already attained certain primary objectives. Premier Nagy's control over the present coalition Government and his ability to resist further Communist demands (see Weekly Summary of 13 December 1946) have now been weakened. The Communist practice of representing, on the basis of fragmentary evidence, normal political differences of opinion as subversive tendencies will also frighten all potential anti-Communist groups into a policy of extreme caution. This latest Communist maneuver may, therefore, cause the downfall of the present Government. Neither the Rightists nor the Leftists, however, have the strength to rule alone, and the Communists probably do not yet consider their police control of the country strong enough to risk another election in the immediate future. Some sort of uneasy coalition will probably continue, with Communist participation and influence considerably increased.

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The Greek Crisis

The fate of Greece may be decided within the next few months, if not weeks. Militarily, a demoralized, under-equipped army is losing ground to guerrilla forces backed by the Soviets and their satellites. Politically, a compromise government of Rightists, through inefficiency and political narrowness, is losing what little popular confidence it once possessed. Economically, a country unreconstructed from the devastations of war, is losing its fight against starvation, inflation, and internal and external debt.

Since the liberation, two factors have saved Greece from relentless attempts by the USSR, through its satellites and local Communist elements, to dominate the country: (1) The presence of British troops; and (2) loans, including UNRRA aid, from the US and the UK. Now, in the face of an all-out Soviet effort to capitalize on the current crisis, British troops (except for a small token force) are being withdrawn, and the US and the UK are finding it increasingly difficult to obtain money to bolster Greece's economy. Because of the UK's own financial straits, economic aid from that source may cease completely.

Alone, Greece cannot save itself. Militarily, the country needs aid in the form of equipment and training. Politically, Greece's diehard politicians need to be convinced of the necessity of a housecleaning, and the prostrate Center, which traditionally includes the majority of the population, requires bolstering. Economically, it needs gifts or loans of commodities, food, foreign exchange, and gold to check inflation. Of these needs, the economic are the most vital.

If Greece withstands Soviet pressure during the next few months, and can contain the guerrillas, the Center, which is ineffectual at the moment, may become sufficiently aroused by the increasing atrocities

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of the Leftists and the continued bungling of the Rightists to reorganize itself and to take control of the Government, excluding both the Right and the Left. Such a move might be led by the moderate Sophoulis or the old republican Plastiras.

Without immediate economic aid, however, there would appear to be imminent danger that the Soviet-dominated Left will seize control of the country, which would result in the loss of Greece as a democracy of the Western type.

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20. Weekly Summary Excerpt, 7 March 1947, Significant Personnel Changes in Soviet Government; Anti-Communist Trends in Czechoslovakia

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EASTERN EUROPE

Significant Personnel Changes in Soviet Government

Recent changes in Soviet political personnel indicate a desire on the part of the Kremlin to clarify and strengthen administrative responsibility among Politburo members and to facilitate the solution of the pressing problems created by growing nationalism and agricultural breakdowns in the Ukraine.

The appointment of Lazar M. Kaganovich as First Secretary of the Ukrainian Communist Party surpasses in importance that of General Bulganin as Stalin's successor in the post of Minister of the Armed Forces (a change believed to have been an administrative fact for some time). Kaganovich, one of the most energetic and forceful of Soviet administrators, is expected to campaign vigorously against Ukrainian nationalism -- a matter of grave concern to the Kremlin -- and for improved agricultural production in the Ukraine. Andrei Zhdanov's resignation as Chairman of the Council of the Union is expected to leave him free for his more important duties as a member of the Politburo, the Orgburo, and the Central Committee Secretariat of the Communist Party.

Anti-Communist Trend in Czechoslovakia

The Communist Party in Czechoslovakia is gradually losing ground despite its overwhelming victory in the May 1946 elections. Barring direct Soviet interference, Czechoslovakia, because of the intense nationalism and individualism of its people, will probably emerge as a modified Socialist state friendly to but not patterned on the USSR. Particularly in the economic field, Czechoslovakia's orientation toward the West should gradually increase.

Following the country's liberation, the Czechoslovak Communist Party attained substantial popular support by avoiding an extremist position. Subsequent Communist efforts to by-pass Parliament, to widen the scope of the nationalization program, and to control the police, the army, and the press have, however, alienated many former supporters. Successful resistance by the Moderates to Communist efforts to dominate the country is demonstrated by (1) the refusal of Parliament to delegate

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authority to the Cabinet; (2) the reduction of Communist control over the Secret Police; (3) the removal of Communists from many local governing bodies; and (4) the maintenance of cordial relations with the West.

The Social Democrats, upon whom the Communist Party depends for the small leftist majority in Parliament, have voted recently against the Communists on all major issues and have won decisive victories in several labor union elections. A recent split within the Czech Communist Party over the extension of State ownership of industry beyond the limits of the two-year plan indicates basic Czechoslovak opposition to Soviet regimentation.

The integration of Czechoslovakia's economy with that of the USSR and its satellites has also become increasingly difficult. The nation's two-year plan presupposed substantial imports of raw materials from the East, which, in actuality, are not being received in sufficient quantity and quality. Czechoslovakia must, therefore, make up this deficit by imports from the West which, in turn, can only be paid for by exports to free exchange countries. Barter trade with the East must, therefore, be reduced. Because the Communists bear the major responsibility for the execution of the two-year plan, they may be forced to divert trade from the East to the West rather than to jeopardize the entire nationalization program.

The Soviet attitude will, in the final analysis, determine the success of the Moderates in preventing Communist domination of Czechoslovakia. The Kremlin is aware that strong-arm methods would meet with stubborn resistance and substantially reduce the value of its most important Eastern European source of supply. The USSR, therefore, probably will avoid direct interference in Czechoslovakia's internal affairs as long as Czechoslovakia has a "friendly" Government and continues to supply the USSR with vitally needed industrial products.

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FAR EAST

Prospects for Vietnam Settlement

The difficulties of solving the Vietnam problem by force have resulted in several French attempts to establish a puppet regime in order to circumvent the necessity of negotiating with the present Vietnam government of Ho Chi Minh. These attempts began shortly after the commencement of hostilities in December when the French insisted that no conversations were possible with Ho Chi Minh or members of his government. Contact was made in Hong Kong with the former Emperor of Annam and Japanese puppet, Bao Dai, as a figure around whom a new government, amenable to French influence, might be created. At the same time an alternative plan was conceived, which provided for the enthronement of Bao Dai's young son, Bao Long, with a French-dominated Regency exercising actual power. Both possibilities are still being pursued by the French, and Bao Dai's former Prime Minister is now in Saigon negotiating with the French.

In recent weeks, the protracted resistance by Vietnam forces and the unwavering native support of the Viet Minh Communist-front party have forced the French to recognize that Ho Chi Minh continues to be popular and powerful. The increasingly critical French military manpower situation and the unfavorable international reaction to French policy will force the French to seek an early end to hostilities. Consequently, French authorities are maintaining contact with Ho Chi Minh through his representative in Saigon and also through Socialist Deputy Eugene Thomas, who recently arrived in Indochina ostensibly to inspect local communications.

Any imperial regime under Bao Dai or his son would lack popular support and meet with opposition from the Chinese. The latter prefer a government which would include Annamite Nationalists as a counterbalance to the Communists. Such an arrangement however, could not prove satisfactory from the French standpoint because the Nationalists are potentially as inimical to French objectives in Vietnam as the Communists.

Any Vietnam government which does not include Ho Chi Minh or his more moderate followers will, like the present Provisional Government of Cochín China, be limited in scope of authority by the perimeters of French military control and will be open to widespread

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popular opposition and sabotage. France's experience with its regime in Cochin China should discourage a similar attempt in Vietnam and may lead to the eventual formation of a government which would include Ho and moderate Viet Minh elements, several pro-French Annamite Catholics, and perhaps Bao Dai as a private citizen. The French presumably would find it possible to negotiate with such a government and might be willing to concede to it a greater measure of independence.

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22. Weekly Summary Excerpt, 21 March 1947, Reaction to President Truman's Speech;
Turkey Weighs its Defense Requirements

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GENERAL

Reaction to President Truman's Speech

Reaction to President Truman's speech on Greece and Turkey has, in general, been as expected: conservative and middle of the road elements have welcomed the statement of a "new US foreign policy," and Communists have attacked US "imperialism" and "dollar diplomacy."

Some commentaries, while generally applauding the speech, contain a significant note of warning. In England, France, Switzerland, and the Scandinavian countries, for instance, there is a feeling of uneasiness over the future of US-Soviet relations. Some observers fear that these countries, caught between two powerful blocs, must review their own foreign policy and perhaps eventually choose between them. On the other hand, in France, at least, the speech appears to have had a tangible effect in encouraging the center elements to take a stronger stand against the Communists.

The Soviet Government has so far made no official statement. PRAVDA and IZVESTIA have attacked the speech, but with no more than their customary virulence. The USSR probably has not yet decided just what tactics to pursue in attempting to counter the effects of the President's statements. The Soviet satellite countries have followed the line laid down by the Moscow press. There is clear evidence, however, that opposition elements within these countries have been greatly encouraged by the President's forthright words. Indeed, they have possibly exaggerated the significance of the speech to themselves, thinking that it implies aid for all anti-Communists in the satellites.

The speech was gratefully received in Turkey and Greece. The Turks feel that credits will help them to rehabilitate their economy and expand their industry, thus increasing the national security. The immediate reactions in Greece have been a new tendency toward political unity, a general upswing in morale (except among Communists and the Communist armed bands, where morale has deteriorated), a new stability in the currency, and a general improvement in business confidence.

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NEAR EAST-AFRICA

Turkey Weighs its Defense Requirements

Turkey's stubborn refusal to accede to Soviet demands for a dominant position in the control and defense of the Turkish Straits (and for the annexation by the USSR of strategic areas in northwest Turkey) has been a major obstacle to the extension of Soviet influence in the Near and Middle East.

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The ability of the Turks to withstand continued Soviet pressure will not depend upon the strength of Turkey's armed forces, because, irrespective of the volume of foreign aid, Turkey can never create an army strong enough to defend the country against an all-out Soviet attack. In the final analysis, Turkey's ability to resist Soviet demands will depend upon the maintenance of a healthy economy as an antidote to Communist infiltration, and upon the support of its political integrity by the Western Powers or by an effective United Nations.

The Turkish Government appears to take cognizance of these fundamental factors in Turkey's position in suggesting that, before any new credits are allocated, a study be made of the relative importance of military and of economic expenditures to the national defense. The Turks see clearly that modernization of transportation and communications, and increased agricultural and coal production, would strengthen both the military potential and the economic stability of the country and, at the same time, improve the prospects for the repayment of the loans and the maintenance of the Government's financial integrity.

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23. Weekly Summary Excerpt, 2 May 1947, Soviet Strategy in the CFM

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Soviet Strategy in the CFM

The Soviet Delegation at the recent CFM meeting obviously was intent upon delaying or preventing the solution of most of the vital issues under discussion.

A major consideration underlying the Soviet strategy was probably the dilemma in which the Kremlin was placed by the announcement of the Truman Doctrine. The USSR could not immediately adopt a more conciliatory policy without offering confirmation that the President's program was effective in checking aggression. The USSR likewise could not harden its policy without encouraging increased support in the US for the Truman Doctrine. Furthermore, the encouragement which the President's statement gave to European anti-Communists may have increased the Kremlin's concern over its eastern European position and its determination to block an Austrian Treaty in order to maintain Soviet forces in that country and communication troops in Hungary and Rumania.

The USSR, therefore, may have considered it even more imperative (1) to prolong the unsettled conditions in Europe conducive to Communism; and (2) to encourage the US to expend its patience and energy in a vain quest for agreement until forced by its internal economic and political conditions to curtail its foreign commitments and to leave Europe to the USSR by default.

The Kremlin now appears concerned over the reaction which its obstructionism has produced among the Western Powers. Through diplomacy and propaganda, the USSR seems to be seeking to reassure the West by insisting that the achievements of the Conference should not be minimized and that "time and patience" eventually will solve most of the remaining problems. For the present, therefore, the Kremlin appears to be pursuing a dual policy of preventing a European settlement while trying to keep alive western hopes that such a settlement eventually may be possible.

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24. Weekly Summary Excerpt, 9 May 1947, Indications of Changed Emphasis in Communist Strategy

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EASTERN EUROPE

Indications of Changed Emphasis in Communist Strategy

The Kremlin's concern over the present position of the Communist program abroad -- particularly in central and western Europe -- is reflected in a recent PRAVDA article commemorating the 30th anniversary of Lenin's "April Theses." The article appears designed as a guide to foreign Communist Parties in combatting the US program of aid to countries threatened by Communism and the competition of non-Communist liberals for working-class support -- considerations which the Kremlin apparently believes are sapping the revolutionary strength of the proletariat.

The PRAVDA article compares the current world situation with conditions in Russia in April 1917, when the Revolution threatened to terminate in a parliamentary democracy. Lenin, recognizing the numerical weakness of the Bolsheviks, urged that open rupture with the Provisional Government be avoided until the Bolsheviks achieved sufficient power to overthrow the Government and replace it with the Bolshevik-dominated Soviets (local councils). Instead Lenin urged (1) a revitalization and consolidation of the Party; (2) an intensified propaganda campaign against the Provisional Government and those leftist elements which showed a tendency toward compromise; and (3) increased efforts to gain control of the Soviets through legitimate and conspiratorial means. (Until that time, the Soviets were loosely-organized leftist groups with mass support but without centralized leadership.)

The current applicability of this strategy to central Europe -- where the Communists are delicately balanced between success and failure -- is obvious. In accordance with Lenin's program and experience during the Russian Revolution, the Kremlin apparently proposes for countries such as France and Italy: (1) intensive agitation against their present governments and against non-Communist liberals; and (2) the development of highly-disciplined Communist cores which, at the proper moment, could assume control. Such a program is well-adapted to the current situation in France where, relieved of governmental responsibility, the Communists are in a position to threaten (by propaganda, subversion, and trade-union agitation) the stability of the present Government. Where Communism is less powerful, the Kremlin

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24. (Continued)

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desires to concentrate on gaining control of trade unions and other liberal organizations. Current Soviet propaganda evidently envisages the World Federation of Trade Unions as a primary vehicle of Soviet ideological expansion.

The Politburo apparently has decided that the time has come for an all-out offensive, aimed at capturing the leadership of the working class, neutralizing the influence of non-Communist liberals, and discrediting "capitalist attraction and deception of the masses."

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25. Weekly Summary Excerpt, 20 June 1947, Apparent Soviet Plans in Eastern Europe;
Further Communist Moves in Hungary

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EASTERN EUROPE

Apparent Soviet Plans in Eastern Europe

The USSR apparently has accelerated its program for the cultural, economic, and military coordination of its satellites. Although the Truman Doctrine may have stepped up the USSR's timetable, events of the past few weeks are all essential components of the basic plan which the USSR had probably intended to consummate before the withdrawal of its occupation troops.

As part of this accelerated program, however, the USSR may have modified what is believed to have been the first phase of its plan for Eastern Europe. The plan was thought to have envisaged the formation of a South Slav or Balkan Federation, including Yugoslavia, Bulgaria, Albania, and probably Greek Macedonia. The next step would then have been a Danubian Federation, comprising Hungary, Rumania, and possibly Czechoslovakia. It now appears that the USSR may have abandoned this concept in favor of a less formal system of control through Communist Party channels and a network of interlocking cultural, economic, and military agreements and alliances. Poland, Czechoslovakia, and Yugoslavia are already linked to each other and the USSR by such an arrangement. The recent Rumanian-Yugoslav accord and the apparently imminent Rumanian-Bulgarian agreement will enlarge the circle. With Hungary now more effectively under Soviet control, that country may also be expected to become an integral part of the network.

To the USSR such a network of alliances would have several advantages over a formal federation. A South Slav Federation would be separated from the USSR by non-Slav Hungary and Rumania. Inclusion of the latter countries on such a basis would create a larger coordinated area which would be of obvious economic advantage to the participants and to the USSR. As long as the USSR considers membership in the UN profitable, it will avoid any formal federation in Eastern Europe that would bar UN membership to the participating states. Moreover, as a formal federation would intensify strong nationalist opposition, the USSR probably prefers a less formal arrangement during the present transitional stage preceding outright incorporation of these countries into the USSR.

The recent discussions in Belgrade among Balkan representatives, therefore, were probably merely another step toward implementation of

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the master plan for the Eastern European satellites. The talks appear to have been held: (1) to draft a Yugoslav-Rumanian accord; (2) to resolve Yugoslav-Bulgarian politico-military problems; and (3) possibly to formulate more detailed plans for intensified military activity in support of the Greek guerrillas. The presence in Belgrade of such a large number of Eastern European leaders may also have been welcomed as an opportunity to conduct a war of nerves directed at Greece and to exploit for propaganda purposes the theme of Communist and Slav solidarity under the aegis of the USSR.

Further Communist Moves in Hungary

Since its assumption of power in Hungary, the Communist Party has moved swiftly and forcefully to weaken opposition by the Smallholder Party and to ensure political and economic domination of the country. The appearance of normal constitutionality has been maintained in order to preclude interference from the UK and the US or action by the UN, and the semblance of a balance of power among the political parties in the coalition government has been preserved.

Prior to the coup the Communists tried unsuccessfully to nationalize the four leading Hungarian banks. On 1 June, however, the Council of Ministers, by decree, placed thirteen principal banks under state control and assigned to each a ministerial commissioner to control its activities and to preserve its capital, thereby ensuring complete Communist domination of 75-80% of Hungarian industry. The extension to 30 September 1947 of emergency powers by the National Assembly permits the Cabinet Council to continue to govern by decree; the present Communist-controlled Cabinet will thus be unopposed in its administration of Hungarian affairs. Initial steps have also been taken to avoid a repetition of the Communist defeat in the free elections of November 1945. In preparation for the control of future elections, Party members have been sent to study electoral methods employed in Poland, Bulgaria, and Rumania, and a new electoral law is being drafted which will further exclude opposition elements from the polls.

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26. Daily Summary Excerpt, 30 June 1947, USSR: Soviet Plans for Exploiting US Aid Program

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30 JUN 1947

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EUROPE

4. USSR: Soviet plans for exploiting US aid program--Commanding General US Forces Austria has learned from a Soviet Major, formerly a trusted Communist Party member, that certain Communists among the Soviet Forces in Austria recently have been directed by the Party Central Committee in Moscow to make a study of "US aid, its effects, and how it can be made to serve Soviet aims." The Moscow directive reportedly suggests that the US aid program should be encouraged for the purposes of "exploiting and/or eliminating vital materials in America" and of creating inflation in the US. The achievement of either objective would, according to the

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directive, "be in line with the necessity to destroy our greatest enemy -- the US economy and its capabilities."

(CIG Comment: In view of the initial enthusiasm with which the Marshall proposals have been greeted throughout Europe, the USSR may well conclude that implementation of the proposals is inevitable and that open opposition would be futile. The Kremlin may therefore seek a substantial share of US assistance for the Soviet satellites, and perhaps even for the USSR itself; and it may encourage increased US assistance in the hope of depleting US resources and inflating the US economy.)

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27. Weekly Summary Excerpt, 11 July 1947, Soviet Opposition to the Recovery Program;
Effects of Non-Participation on the Satellites

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SOVIET OPPOSITION TO THE RECOVERY PROGRAM

Soviet opposition to a European reconstruction program will be demonstrated at the Paris Conference of 12 July by the absence of delegates from the USSR and its Satellites, including Czechoslovakia. Less direct indications of Soviet opposition will be seen in the future in Communist interference within the participant countries and in vigorous propaganda emanating from Moscow. British support of the program, on the other hand, will continue to be strong. French support, now that the Soviet position is fully clear, will probably continue strong despite the expected domestic Communist opposition.

The basis for British interest in a successful implementation of the US proposals is fully apparent. The UK will benefit immediately by the provisions of the program and ultimately by general European recovery. More particularly, in the face of a new economic crisis, the proposals provide an escape for the UK from having to choose between increased domestic austerity and the application for another US loan. Both choices are politically unpalatable, if not impossible. The UK has therefore seized upon the proposals and has been the driving force in constructive action to implement them. The clear-cut Soviet refusal to join in the program has solidified British support through its effect in uniting the Labor Party on foreign policy, particularly vis-a-vis the USSR.

French interest in the success of a European recovery program is as strong as British, but French ability to participate hinged upon the strength with which Foreign Minister Bidault resisted pressure from the USSR and from French Communists. In order to side with the UK against the USSR Bidault had to abandon the postwar French policy of preventing an East-West division of Europe. In holding to his courageous decision to support the recovery program despite Soviet opposition, Bidault was considerably strengthened by the efforts of Bevin to put the French in a position of apparent leadership at the Big Three meeting. Bidault also strengthened his own hand in future dealings with the French Communists by offering a last minute "compromise," which did not actually compromise on fundamentals. This move, in anticipation of final Soviet refusal, was designed to disarm the French Communists and to align French public opinion behind the present government.

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Soviet opposition to joint action on the basis of the Marshall proposals was based upon more than the familiar concept that Communism flourishes upon economic distress. On this occasion the USSR was caught in a real dilemma. If the USSR chose to participate in the recovery program, it would have been obliged to sacrifice the exclusive economic controls established in Eastern Europe since the war and to permit a western reorientation of Satellite economies into the broader European economy envisaged by the program. Such a course, which would jeopardize Soviet hegemony in Eastern Europe, was absolutely unacceptable. On the other hand, by refusing to participate the USSR would violate a cardinal principle of Soviet policy: to permit no combination of powers without Soviet participation with power of veto. The ultimate decision to follow this latter course, despite its potential dangers to Soviet interests, was probably made in the confident expectation that France would not dare to enter the program after Soviet refusal. This decision to gamble upon a French withdrawal gained further support from Soviet conviction that the US will suffer an economic collapse before the recovery program can become effective, and that such collapse can be hastened by Soviet non-participation.

The strength of the Soviet opposition to the European reconstruction program can best be measured by the last-minute refusals by the Satellite nations to participate. Until the final word was received from those countries, there was every evidence of their strong desire to participate. Such evidence of overpowering Soviet opposition gives warning that the USSR will utilize every opportunity to defeat the ends of the recovery program.

In the immediate future the USSR can only resort to a propaganda onslaught upon the program, because more overt action (such as a wave of Communist-led strikes in France) might weaken the Soviet position in Western Europe still further. Two premises will probably be guiding concepts in the Soviet propaganda campaign: (1) that the European states, because of their rivalries and conflicting interests, are incapable of developing an effective program; therefore, the projected program will only disappoint the exuberant hopes of the participants and thus promote further antagonism among them; and (2) that the US within a year will undergo an economic collapse that will make impossible the fulfillment

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of its proposals and may finally lead to the collapse of capitalism generally. Soviet propaganda will thus: (1) seek to increase suspicion and division among the participating states; (2) capitalize upon every snag and failure in the development of the program; (3) continue to cast suspicion upon US motives; and (4) predict the collapse of the US economy before the program can be fully effective.

In view of the certainty of vigorous Soviet counteraction, both Bevin and Bidault have shown anxiety regarding any delay in the effective implementation of the prospective program. Bevin is particularly apprehensive lest the USSR should succeed in persuading the participant European states that it is vain to hope that timely US aid will actually be forthcoming. He has predicted that, if effective US support is deferred until the late fall or winter, Europe, including France, will be "lost."

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EFFECTS OF NON-PARTICIPATION ON THE SATELLITES

Non-participation by the Eastern European countries in the forthcoming Paris Conference on the Marshall proposals will seriously complicate the discussions and will create numerous problems for the Communist-dominated governments.

Poland, Hungary, Yugoslavia, and Rumania are in desperate need of western economic aid to reconstruct their war-ravaged economies. The economies of Czechoslovakia and Finland, while less dependent on western aid, are so inextricably tied with those of participating nations that the USSR's decision has presented them with the gravest problems. The Marshall proposal, therefore, has dramatically highlighted the basic conflict in these countries between national self-interest and subservience to the Kremlin. Non-participation will inevitably increase popular resentment and magnify the difficulties already facing the Communists in maintaining their police control over these countries.

Participation in the plan by the nations of Eastern Europe, however, could have benefited the entire European economy only if the USSR had also agreed to cooperate and to relax its economic demands upon the Satellites--particularly for Polish coal, Rumanian and Hungarian oil and food, and Yugoslav raw materials. Given continued Soviet obstructionism, therefore, western aid to the Satellites would materially increase their economic potential without producing corresponding benefits to Western Europe.

The political nature of the Soviet decision is underlined by the inescapable conclusion that the USSR had more to gain economically from participation by its Satellites than Western Europe. Increased Polish coal production, without which full recovery and greater industrialization of the Polish economy is impossible, is dependent upon the import of western machinery. Moreover, Poland's decision will seriously impair its chances to obtain a World Bank loan of \$100,000,000. The USSR, therefore, appears willing to lose an opportunity to make Poland economically strong in order to deprive Western Europe of increased quantities of Polish coal. The USSR would have similarly benefited by Rumania's participation in the plan. Increased production of Rumanian oil and food resulting from the import of western machinery, agricultural equipment, seeds, etc., is essential if Rumania is to recover economic stability; and the USSR probably would have demanded the greater share of any such increases in the form of reparations.

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One of the major problems facing the conferees at Paris will be the extent to which the countries of Western Europe can count upon the continued fulfillment by the Satellites of existing trade agreements. Czechoslovakia's trade with the West is far greater than with the USSR and its Satellites. Approximately 7,000,000 tons of Polish coal is committed to participating nations during the next year. Yugoslavia, Hungary, and Bulgaria also have fairly extensive trade relations with many of the western nations. A logical extension of the USSR's decision--now that the lines are so definitely drawn--might well be gradually to sever all economic ties between Eastern and Western Europe. Such a move would be a tremendous short-range detriment to the economy of Eastern Europe, and at the same time it would be a serious threat to the success of the Marshall proposals. Moreover, it would free the US to make a substantially larger contribution in return for economic stability in only half of Europe.

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28. Daily Summary Excerpt, 18 July 1947, USSR: Soviet Reaction to Marshall Proposals

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18 JUL 1947

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EUROPE

3. USSR: Soviet reaction to Marshall proposals--US Ambassador Steinhardt in Prague has been informed by a reliable source that the Czechoslovak delegation to Moscow was severely reprimanded by Stalin personally. Communist Prime Minister Gottwald reported that he had never seen the Soviet leader so angry. Stalin categorically told the delegation that Czechoslovakia must withdraw "immediately" from the Paris conference and that failure to do so would constitute a "hostile act" toward the USSR and a

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violation of the Czechoslovak-Soviet alliance of 1943. Stalin seemed unconcerned over the adverse effect of such a withdrawal on western opinion and minimized the importance of Czechoslovak trade with the west. Stalin seemed especially angered by the fact that prompt Czechoslovak acceptance of the invitation to attend the Paris conference may have contributed to persuading wavering Swiss and Scandinavians to participate. Source believes that the USSR will tighten its control over Czechoslovakia and that Gottwald, in an attempt to recover his prestige with the Kremlin, will willingly cooperate in such an undertaking.

(CIG Comment: This report is accepted as a more accurate account of the meeting than that in Daily Summary of 16 July, item 3, in which Stalin is represented as speaking with restrained reasonableness. Stalin's anger was probably genuine and a reflection of exasperation and discomfiture in the Kremlin. It is to be expected that the USSR will act to prevent any similar show of independence by any Satellite, Czechoslovakia especially, and that Gottwald will outdo himself in order to redeem his blunder.)

Czechs report Stalin in excellent health--Source also told Ambassador Steinhardt that the Czechoslovak delegation reported Stalin in excellent health and apparently more vigorous and self-confident than in 1945.

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STRATEGY OF SOVIET DELAY IN TREATY RATIFICATION

Six months after the signing of the Italian and Satellite peace treaties, it appears likely that the USSR will postpone ratification at least until September and perhaps indefinitely. By delaying ratification of these treaties (all have been ratified by the US, UK, and France) the USSR hopes to facilitate consolidation of its control over Eastern Europe and to prolong unrest and uncertainty throughout the continent.

The Truman Doctrine and the Marshall proposals have forced the USSR to reconsider its position in regard to Hungary, Rumania, and Bulgaria. In the face of a passive Western policy, the Soviet Union might have considered its control in these countries sufficiently strong to permit early ratification of the treaties without jeopardizing its ultimate domination. The effect of US aid to Greece and Turkey, however, coupled with the Satellites' desire to share in the US program for Europe, has intensified Soviet determination to maintain its extraordinary powers of control over these countries, now exercised through domination of the Allied Control Commissions and the presence of occupation forces.

Although the Dimitrov regime in Bulgaria is sufficiently well-entrenched to stand on its own after the withdrawal of Soviet troops, the USSR has compelling reasons for not ratifying the Bulgarian treaty. Direct supervision of the stepped-up campaign in support of the Greek guerrillas would be more difficult after the withdrawal of Soviet troops which both aid in the war of nerves against Greece and Turkey and contribute logistic support to the guerrilla bands. The recent arrest of Petkov and the terrorist campaign against other Agrarian Party leaders indicate the advantages to the USSR of consolidating its control prior to ratification. Had these actions been taken after ratification, the Soviet Union and the Bulgarian Government would have had to answer to the UN for violations of the peace treaty provisions. In order to avoid foreign intervention, therefore, the USSR will probably delay ratification until all vestiges of opposition in Bulgaria are eliminated.

Conditions in Rumania also favor postponement of treaty ratification by the USSR. Despite nearly complete control over the Rumanian economy, the Soviet position in Rumania would be insecure after ratification so long as King Michael and Maniu, leader of the opposition National Peasant Party, remain as symbols of popular opposition to the Communist Government. The treaty will probably not be ratified,

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therefore, until Maniu and the National Peasant Party are eliminated from Rumanian politics, and until some means has been found to dispose of King Michael. The absence of any popular demonstration against the recent arrest of Maniu and many of his supporters may encourage the Communists to hasten their decision on Michael.

In Hungary, the USSR was confronted with a government distinctly pro-Western. The "coup" which resulted in Premier Nagy's resignation in June was the first step in a series of necessary preparations for ratification of the peace treaty. New "rigged" elections are expected by September. Even the holding of these elections does not, however, presage early ratification because post-election house cleaning will still be necessary in Hungary as it has been in Bulgaria and Rumania.

In addition to these political considerations, the USSR needs more time to consolidate its economic and military control over the Satellites. Partially in response to the European recovery program, the need has become more pressing to strengthen economic ties among the Satellites and the USSR. Imposition by the Soviet Union of the economic controls necessary to achieve this goal in the enemy states is far more practicable under existing conditions than it would be after ratification. Through the Allied Control Commissions and with the help of occupation troops, the USSR maintains an effective stranglehold on the internal economy of these countries and, by controlling their foreign trade, can block Western economic penetration. Meanwhile, the USSR is using its dominant position in the area to implement a network of military alliances through which Satellite armed forces will become no more than auxiliaries of the Soviet Army.

Although ratification of the Italian peace treaty would benefit the USSR by forcing the withdrawal of US-UK troops, thus giving Italian Communists a freer hand, other considerations militate against early ratification. By depriving Italy of independent status, the USSR prolongs the existing unrest and uncertainty in Italy and retards political and economic stability. (Italian Communists capitalize upon the unpopularity of the Italian treaty by pointing to the "quick" ratification by the US and UK as contrasted with Soviet "reluctance" to ratify.) Moreover, the USSR will continue to delay because it is not yet ready to implement the peace treaty provisions for the Free Territory of

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Trieste. There is little likelihood that a pro-Soviet governor will be appointed for Trieste. The USSR therefore prefers to retain the status quo in order to maintain conditions favorable to infiltration and eventual control by the Yugoslav Communists.

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30. Daily Summary Excerpt, 2 August 1947, Germany: Creation of a German Government in the Soviet Zone

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EUROPE

4. GERMANY: Creation of a German Government for the Soviet Zone--
CIG sources report that the Soviet Military Authority (SMA) has renewed discussions with German political leaders concerning the creation of a government for the Soviet Zone, including the Soviet sector of Berlin. (see Daily Summary of 1 July, item 2). The USSR reportedly desires that the formation of such a government be completed by 14 August.

(CIG Comment: The USSR has denounced the union of the US and British Zones in Germany as political rather than economic. Having already matched the US-UK bizonal economic administration with a central economic administration for the Soviet Zone, the SMA would regard the creation of a zonal Government as a logical development. Manifestly such a Government could readily be converted into a Soviet satellite state in Germany, its nominal independence exerting considerable attraction upon Germans in the Western Zones. That further step, however, would compromise the USSR's present effective pose as the champion of German unity in opposition to separation and partition. It is not likely to be taken unless and until the CFM meeting in November proves unification on Soviet terms to be impossible and partition an accomplished fact perversely attributable to Western "imperialism.")

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THE MILITARY AND POLITICAL CHAIN OF COMMAND IN COMMUNIST GREECE

The military and political chain of command from the USSR to the Greek Communists is shown in the accompanying chart. Although the chart is partly conjectural, as certain information can not be confirmed and some omissions may have been made, it is essentially an accurate picture of the Communist organization for Greece. The chart is largely self-explanatory, but several of the boxes may require comment.

Balkan Confederation. No formal organization is known to exist. It is probable, however, that a close working agreement between Yugoslavia and Bulgaria has been established to implement designs on Greek Macedonia and Thrace. A "Balkan Council" (including Greek members) has been reported as meeting at Skolpje.

Bitolj. The actual location of General Dapchevich's headquarters is not certain. Bitolj is, however, a transportation and communication center for military movements. General Dapchevich is not a formally trained soldier, but by virtue of partisan experience in Spain and occupied Yugoslavia has become an expert in guerrilla warfare. He was in command of the Yugoslav 4th Army when it entered Trieste.

NOF. These units, active during the war, have been de-emphasized by Tito because of lingering NOF sentiment for an autonomous Macedonia which would be independent of Yugoslavia. Recently, at Skolpje, Macedonian autonomists have been tried and condemned as traitors.

Para-legal Central Committee. This is composed of at least one Yugoslav, two Bulgarians, and two Albanians. The KKE (Greek Communist Party) Central Committee is still legal in Greece.

Special Anti-US Aid Deuxieme Bureau. Composed mostly of non-Greeks, its sole object is to render ineffective the American aid program by propaganda and sabotage.

Committee for the Liberation of Cyprus. This committee was organized to harass the British and to divert attention from the promises of territorial concessions in northern Greece which have been made by Greek Communists to the Satellites.

KOSSA. This unit exploits disaffection in the Greek National Army. The government has been forced to segregate in labor battalions many soldiers of doubtful loyalty.

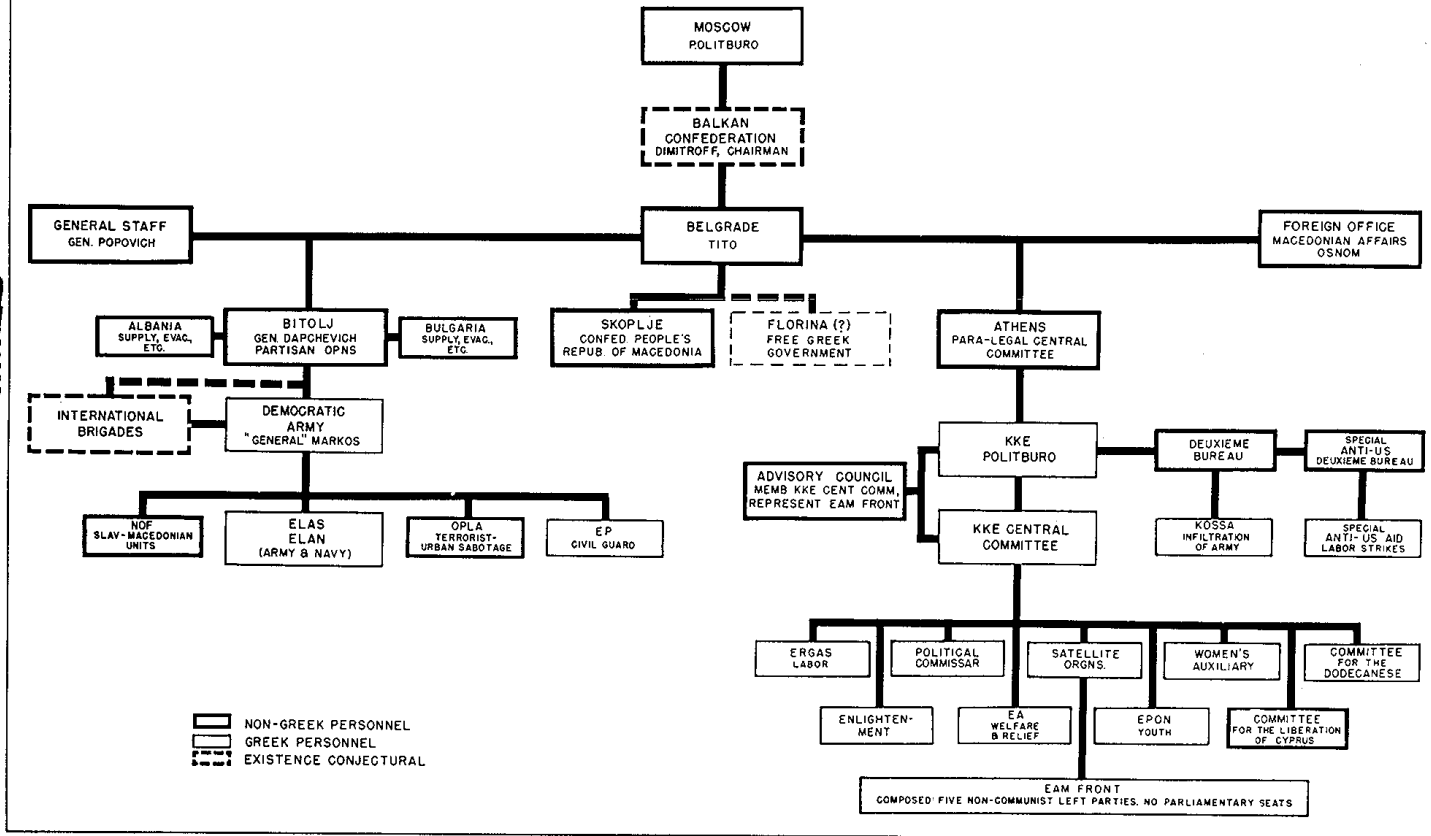
ERGAS. This Greek Communist labor organization works in close liaison with French labor leaders.

EAM Front. In addition to the five parties of the EAM Front, the two leading socialist parties of Greece are under the domination of KKE.

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GREEK COMMUNIST MOVEMENT
CHAIN OF COMMAND



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SOVIET INTENTIONS IN AUSTRIA

The US economic program in Austria is unlikely to bring about any major changes in Soviet policy. The USSR will continue to promote political and economic unrest both as a means of immediately increasing its influence and of ultimately forcing Austria into the Soviet orbit. Meanwhile, the USSR, in attempting to counteract the benefits to Austria of Western assistance, may be expected to: (1) continue to delay the Austrian treaty and thus weaken the national economy by prolonging the four-power occupation; (2) tighten control over the industries and resources of eastern Austria, linking them with the economy of the Soviet Satellites; and (3) place greater restrictions on both inter-zonal trade and trade between Austria and the Soviet Satellites. The USSR apparently acts on the assumption that the Austrian Government will eventually be willing to acquiesce to these Soviet demands, if only to rid the country of the occupation troops.

In addition to this economic and political pressure, the USSR will attempt to draw Austria into an eastward orientation by improving the position of the small Austrian Communist Party. With Soviet backing the Austrian Communists will probably be able to break the Socialist hold on organized labor in plants controlled by the USSR. Furthermore, there may be an increase in Communist-directed strikes, sabotage, and unrest throughout Austria.

Should the Kremlin decide that these measures are inadequate, the USSR may further tighten its controls over eastern Austria and thereby force a partition of the country. From the Soviet point of view, such a move might appear advantageous, particularly because the Austrian peace treaty might be less advantageous to the USSR and because the Austrian Communists appear incapable of gaining control of the Government without vigorous Soviet help.

The USSR probably does not, however, desire partition at the present time. The Soviet Union now enjoys most of the economic advantages and at least some of the political advantages which could be achieved by partition. The USSR already has possession of a large number of industrial assets, including Austria's valuable oil resources, and cannot be deprived of these properties except by its

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own agreement. Furthermore, from the Soviet point of view there are several objections to complete partition: (1) eastern Austria is dependent in part on Western Europe for coal and machinery and on the US for relief; (2) partition would probably damage Soviet chances of absorbing all of Austria because it would forfeit western Austria to the US, UK, and France; and (3) partition would unnecessarily provoke the US as further indication of Soviet expansionism.

For the present, therefore, the USSR will probably continue the present policy of exploiting its zone of occupation to the detriment of the Austrian economy. Meanwhile, Communist propaganda against the US aid program will doubtless continue to emphasize the following themes: (1) Austria's sovereignty is violated by the control provisions of the program; (2) in extending aid, the US wishes to exploit Austria's economic weakness by subjecting the country to capitalist control; (3) Austria's dependence on the West for aid is preventing Austria from enjoying the benefits of normal trade with the "democracies" of Eastern Europe; and (4) the aid program is ineffective in rehabilitating Austria's economy.

If the USSR decides to admit US aid into eastern Austria under the US-Austrian Relief Agreement, Soviet propaganda will then claim that Austrian independence has been protected by the concessions which the USSR has wrung from the US. Meanwhile, failure by the US to meet the relatively small relief requirements of eastern Austria on an interim basis would almost certainly provide the USSR with a convenient excuse to divide Austria economically by banning the shipment of foodstuffs from the Soviet eastern zone to western Austria.

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33. Daily Summary Excerpt, 5 September 1947, Greece: Rumor of All-Out Attack From North Discounted

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EUROPE

2. GREECE: Rumor of all-out attack from north discounted--[

ed "preparations for a bulky and blitz attack" along the entire Greek northern frontier prior to 16 September. Source reports that the attack will be launched by guerrillas, assisted by the armies of northern neighbors, and that Soviet troops will participate only in the event of foreign interference in defending Greece. Source also believes that eastern Turkey is to be attacked. The MA comments that an attack on Greece is unlikely at this time, and that the report may be a "plant" in the current war of nerves.

(CIG Comment: No tangible evidence which substantiates this rumor has been received to date. While an increase in guerrilla activity this fall is highly probable (see Daily Summary of 2 September, item 6), CIG considers direct participation by the Albanian, Yugoslav, and Bulgarian armies unlikely. Such action would obviously have far-reaching international repercussions and might even involve the USSR in a world war for which it is unprepared. The likelihood of direct participation by Soviet troops in Greece or Turkey at this time is so remote that it need not seriously be considered.)

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34. Weekly Summary Excerpt, 5 September 1947, Soviet Efforts to Strengthen Position in Germany

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SOVIET EFFORTS TO STRENGTHEN POSITION IN GERMANY

In the weeks remaining before the Council of Foreign Ministers (CFM) meets in November, the USSR will endeavor to strengthen its position in Germany in order to gain a strong bargaining position, vis-a-vis the Western Powers. Such maneuvers will also enable the USSR to take advantage of the almost certain failure of the conference. The USSR has undertaken a ruthless exploitation of the Soviet Zone for essential goods, capital equipment, and dollar exchange credits. The allocation for Soviet use or sale on foreign markets of 90% of current industrial production, renewed reparations dismantlings, and a higher export quota of lignite coal (for which the Zone receives \$1.25 per ton in marks and which is resold on the foreign market for \$15.00 per ton in dollars) are some of the current means to this end.

In the political field, the USSR has expanded the influence of the Communist front organizations (Antifa) and further restricted non-Communist parties of the Zone. It has also organized through the Socialist Unity Party (SED) an information service (ID) closely connected with the Soviet secret police and very similar to the old Nazi Sicherheitsdienst. Thus the Soviet-controlled SED will have command of the Soviet Zone, regardless of CFM decisions.

In addition to these efforts in the Soviet Zone, the USSR is penetrating western Germany. The main line of attack is to extend the SED political structure to the west, while, simultaneously, efforts are made to establish Communist front organizations, such as the Freie Deutsche Jugend (FDJ), and to penetrate Western Zone labor unions. Soviet efforts to gain control of established unions may be aided by the desire of Catholics in the Rhineland to withdraw from these unions and set up separate Catholic unions. Finally, in order to facilitate terrorism in the Western Zones, a branch of the ID has been organized, and western Germans who oppose Communism will be subjected to underground intimidation.

If Soviet efforts at the CFM fail to achieve a united Germany on Soviet terms, the USSR will attempt to blame the Western Powers for failure of the conference. At the same time, the Kremlin may announce the recognition of a "German Republic" east of the Elbe and attempt to secure the removal of the Western allies from Berlin.

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ITALIAN COMMUNIST INTENTIONS.

The imminent withdrawal of Allied troops from Italy has increased the possibility of direct Communist action to seize power and has rendered more effective other Communist methods for taking control of the country. Although Communist Leader Togliatti this week has, in effect, issued a call to arms against the De Gasperi Government, other Communist tactics appear more likely under present conditions.

In carrying out their offensive, the Italian Communists have open to them two main courses of action: (1) sudden overthrow of the De Gasperi Government by Communist-sponsored armed force, following withdrawal of Allied troops; and (2) Communist-inspired general strikes to paralyze the important north Italian industrial area, and thus seriously interfere with future implementation of the program for European recovery.

By the employment of tactics similar to those used in Greece, the first course is within the realm of possibility. Although the Italian Army and Carabinieri have some 200,000 troops to oppose approximately 50,000 Communist guerrillas, the addition of partially-armed and trained Italian and Yugoslav Communists and fellow-travellers could appreciably increase the strength of the revolutionists. Furthermore, redeployment of Italian armed forces to protect the Yugoslav frontier following the withdrawal of Allied forces would remove certain troop units from important Communist-dominated centers in north Italy.

Recent developments within the Communist Party in Italy may increase the likelihood of direct military action. There has long been a division within the Italian Communist Party between the Togliatti faction, which has favored peaceful political infiltration, and the pro-revolutionary group headed by Luigi Longo (member of the International Brigade during the Spanish civil war and Partisan leader in Italy during World War II). The recent departure of eight members of the "direct action" group for Moscow may indicate closer coordination between this element and the USSR and consequent intensification of Communist paramilitary activity. Togliatti's last speech may mean that he will go along with the revolutionary faction.

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Two factors, however, militate against Communist revolution in Italy. The USSR is unwilling to support directly such a step because it might involve war with the US. An even more potent reason against it is that the failure of the European recovery program, or even failure of the US to provide Italy with emergency wheat and dollars during this critical interim period, might deliver Italy into the hands of the Communists by popular vote at the next national elections. It would therefore seem more logical for the Italian Communists to await the outcome of the elections, scheduled for April 1948, before using revolutionary tactics.

The continuation of threats and intimidation is, of course, a permanent policy, and any Communist statements regarding the necessity for violence can be considered to be made partly for propaganda purposes. *will be* It will be remembered that Togliatti made a speech threatening "direct action" prior to the Sicilian elections in April, and it is certain that the leftist majority in that former stronghold of conservatism was created in part by the Sicilians' terror of Communist reprisals. *e*

Of the two courses of action, the second seems most likely, and there is evidence that it has already been embarked upon. Paralysis of the north Italian industrial section, which is perhaps second only to the Ruhr in its importance to the European economy, through "spontaneous" general strikes could defeat the operation of the European recovery program and eventually throw not only Italy into the Soviet orbit, but possibly France as well. The strike of 600,000 agricultural workers in the Po Valley, which began on 9 September, indicates that the Communists are now making every effort to bring production to a standstill.

Communist-sponsored strikes are causing a further deterioration of the critical economic situation, which has already compelled the Premier to appeal for emergency wheat from the US in order to restore Italy's essential pasta ration. The De Gasperi Government must cope in some way with the desperate economic crisis before the 23 September meeting of the Constituent Assembly, when a vote of no confidence proposed by Left Wing Socialist Nenni will be discussed. *already for will be wo #2 was - led to two page - should have spelled out.*

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Whichever course the Communists follow, their chances of success are excellent unless the De Gasperi Government can ameliorate the economic crisis by procuring sufficient wheat or through successful operation of the European Economic Recovery program.

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36. Daily Summary Excerpt, 20 September 1947, France: Communists Plan Mass Action

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20 SEP 1947

THE C. I. A. HAS NO OBJECTION
TO THE DECLASSIFICATION OF THIS DOCUMENT. 488

GENERAL

No. 009

EUROPE

3. FRANCE: Communists plan mass action--US Embassy Paris has received "reliable" reports that Moscow has instructed the French Communist Party to prepare for large-scale strikes and other mass demonstrations. Moreover, according to a trustworthy source, Thorez has warned the Political Bureau that the Party must be ready for action "especially in the event that the Soviet Union is obliged to depart from the UN."

(CIA Comment: Such acceleration of mass action, presumably designed to embarrass the present French Government and force the re-entry of the Communists in the Cabinet, would parallel the recent wave of strikes in Italy and the country-wide protest against the non-Communist Government scheduled for 20 September.)

Document No. 069

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DDA Memo, 4 Apr 77

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37. Review of the World Situation Excerpt, 26 September 1947, Summary

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REVIEW OF THE WORLD SITUATION AS IT RELATES TO THE SECURITY OF THE UNITED STATES

26 September 1947

S U M M A R Y

1. Among foreign powers, only the U.S.S.R. is capable of threatening the security of the United States.
2. The U.S.S.R. is presently incapable of military aggression outside of Europe and Asia, but is capable of overrunning most of continental Europe, the Near East, northern China, and Korea.
3. The U.S.S.R. is unlikely to resort to open military aggression in present circumstances. Its policy is to avoid war, to build up its war potential, and to extend its influence and control by political, economic, and psychological methods. In this it is deliberately conducting political, economic, and psychological warfare against the United States.
4. The greatest danger to the security of the United States is the possibility of economic collapse in Western Europe and the consequent accession to power of Communist elements.
5. Stabilization and recovery in Europe and Asia would tend to redress the balance of power and thereby to restrain the U.S.S.R.
6. From the point of view of containing the U.S.S.R. and eventually redressing the balance of power the order of priority among the major regions of Europe and Asia is:
 - a. Western Europe.
 - b. The Near and Middle East (but within the region the situation in Greece is of great importance and the utmost urgency, while the situation with respect to Palestine is extremely dangerous).
 - c. The Far East (but within the region Japan is important as the only area capable of relatively early development as a power center counterbalancing the Soviet Far East).

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38. Daily Summary Excerpt, 3 October 1947, Iran: Soviet Troop Concentrations Reported on Border

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NEAR EAST-AFRICA

2. IRAN: Soviet troop concentrations reported on border-

the USSR recently moved several infantry regiments, 200 medium tanks, and more than 10 artillery battalions to points near the Iranian frontier west of the Caspian.

orders have been issued to Iranian commanders to open fire, if Soviet troops enter Iranian territory.

US Ambassador Allen reports Prime Minister Qavam's opinion that the USSR will not attack Iran so long as the oil proposal is not definitely rejected but will immediately send irregular bands into Iran to create disturbances, and will send troops as soon as the disturbances are sufficiently serious to provide a pretext for intervention.

(CIA Comment: CIA believes that: (a) the USSR is not planning an invasion of Iran at this time; (b) Soviet troop concentrations are designed to intimidate Iran, as a whole, and to give encouragement to pro-Soviet elements of the population; and (c) the USSR will inspire disorders in Iran when the Soviet oil proposal is rejected.)

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EASTERN EUROPE

Soviet officials in Berlin and their adherents in the Socialist Unity Party (SED) apparently are planning to merge the Soviet sector of Berlin with the Soviet Zone following the Council of Foreign Ministers' session in London. This decision seems to be predicated upon the Soviet conviction that the Council will fail to reach agreement on Germany. The Soviet Zone headquarters probably will be transferred to a city less accessible to the Western Powers. Although the USSR does not intend, initially, to risk compelling the other powers to evacuate Berlin, quadripartite government will become even less of a reality than it is now. In addition, the USSR plans to strengthen the central government of the Soviet Zone at the expense of the governments of the component states and will maintain the eastern boundary of Germany at the Oder-Neisse line.

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40. Special Evaluation No. 21, 13 October 1947, Implications of the New Communist Information Bureau

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IMPLICATIONS OF THE NEW COMMUNIST INFORMATION BUREAU

13 October 1947

The significance of the establishment of the Communist Information Bureau, representing the Communist parties of nine European countries, may be evaluated in terms of the answers to the following questions:

- a. What are its immediate and long-range objectives?
- b. Why was its establishment accompanied by such extensive publicity?
- c. What will be its immediate effect on Western Europe?
- d. What light does it throw on Soviet tactics?
- e. What is the background of its members?

The Bureau was probably established at this time with the immediate objectives of:

- a. strengthening Communist control and improving the integration of Communist policy in the Satellite areas;
- b. coordinating more effectively the operations of the Communist parties in the Satellite countries with those of the Communist parties of Western Europe, in order to prevent European economic recovery under US leadership. The Communist parties in the Satellite countries have made tactical mistakes and errors in timing which the USSR must regard as militating against the effectiveness of its opposition to the US-sponsored program for European economic rehabilitation. These errors in timing and tactics include the execution of Petkov while the Italian Communist leader, Togliatti, was defending before the Italians the rights of man, and the failure of the Czechoslovak Communists to prevent the initial Czechoslovak acceptance of the invitation to participate in the European economic recovery program;

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c. serving notice on the Communist parties in France and Italy, as well as those in other Western European countries, that they are not their own masters and that they must adhere to the policies and plans of the Kremlin.

The Bureau's long-range objectives are:

a. to expand the organization to cover the European continent and eventually to set up similar organizations in other areas;

b. by expelling the non-cooperating Socialists and misguided fellow-travellers from the "Democratic" ranks, to prepare a hard nucleus of ideologically sound Communists, capable of direct action and of reversion to underground methods if such procedure becomes necessary.

The formation of the information Bureau and the accompanying manifesto of intentions were widely publicized in order to impress the fence-sitters, the waverers, and the opportunists of Western Europe with the solidarity and vitality of the Communist organization, as opposed to the disunity and inherent weaknesses of the US-supported capitalist-socialist world. It was also designed as a declaration of war against the US-sponsored European recovery program and may have been launched with the hope that it would induce pacifists in the US and the UK to revive their activities. This publicity is entirely consistent with the Soviet practice of supporting any important project, once undertaken, with the maximum strength and volume of propaganda.

The immediate effect upon Western Europe, however, will be to reduce the voting strength of the Communist parties, particularly in the approaching elections in France and Italy. The Nationalist pose of these parties has now been dropped, and the leaders stand forth clearly as the obedient servants of the Kremlin. If it were not for the threat of an economic crisis, it could be safely predicted that the position of the moderate non-Communist parties in the governments of Western Europe would be substantially strengthened by the formation of the Bureau.

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The establishment of the Information Bureau, therefore, throws considerable light on Soviet tactics. It suggests strongly that the USSR recognizes that it has reached a point of diminishing returns in the attempts of the Communist parties of Western Europe to rise to power through parliamentary means and that, consequently, it intends to revert to subversive activities, such as strikes and sabotage, in an effort to undermine the stability of Western European governments. This move likewise tends to substantiate the contention that the USSR considers international subversive and revolutionary action, rather than military aggression, as the primary instrument for obtaining its worldwide objectives. Furthermore, the fact that the USSR has taken this step, so obviously injurious to the electoral prospects of the Communist parties, prior to important elections in France and Italy, gives further confirmation to the belief that the USSR is convinced of a pending economic collapse, first in Europe and subsequently in the US, which will provide the Communist parties with an opportunity to achieve their objectives through subversive and revolutionary action.

The delegates who met in Warsaw to form the Bureau of Information were hardbitten Communists of long-standing. The leading figure unquestionably was Zhdanov, member of the Soviet Politburo, former key figure in the Comintern and probably second in importance only to Stalin in directing the strategy of world Communism. Ex-Comintern officials were well represented, among them Djilas, Pauker, and Duclos. In addition, at least two delegates took active and important parts in the International Brigade during the Spanish Civil War. The leadership of the new Information Bureau, therefore, has the required stature to carry forward, under the direction of the Kremlin, the Communist program of world revolution. It was probably to create the illusion of freedom from Kremlin control that headquarters were set up outside the Soviet Union. Under the circumstances, Yugoslavia was a logical choice because of the success and stability of the Communist regime in that country, the character and experience of its ruling clique, and its proximity to high priority Communist targets such as Greece and Italy.

The formation of the Information Bureau is the first open avowal of the creation of blocs to supplement, and eventually to assume, the functions of the Comintern as the Kremlin's instrument

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for attaining world domination. In taking this step, the Kremlin appears to have abandoned any program of parliamentary cooperation with non-Communist parties and has reverted to the original program of expansion by control and support of international revolutionary Communism. It has taken this step likewise in full knowledge that it will alienate those Western fellow-travellers and democratic elements which have thus far clung to hopes of political cooperation with national Communist parties and of a compromise between the East and West.

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41. Weekly Summary Excerpt, 24 October 1947, Prospects for French Success in Indochinese Campaign

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PROSPECTS FOR FRENCH SUCCESS IN INDOCHINESE CAMPAIGN

Even though the current French offensive in northern Indochina appears to have achieved certain limited objectives, the campaign will probably not be successful in forcing the Vietnam Republic to negotiate for peace on French terms. Moreover, a consequent decline in French prestige may weaken the control over native peoples in other parts of the French Empire.

Although French military authorities are holding all publicity on Indochina to a minimum and are claiming that the campaign is no more than a minor operation (probably in order to avoid the possibility of UN intervention), larger French forces are engaged in these actions than have been committed ever before against the Vietnam Republic. The purposes of the French drive are: (1) to cut overland arms-import routes between Vietnam and China by establishing French control along the northern Indochinese border; (2) to weaken the resistance of the Vietnam Republic by killing or capturing its leaders, by increasing combat attrition of its ammunition and equipment resources, and by disrupting its communication and propaganda facilities; and (3) to compel the Vietnam Republic, as a result, to negotiate for peace on French terms.

Prospects for significant French success in the fall offensive are meager largely because the guerrilla tactics adopted by Vietnam forces will conserve their ammunition and materiel while drawing French forces into mountainous and difficult terrain. The disruption of Vietnam communication facilities will probably not seriously hamper Vietnam administration and forces because they have demonstrated during the past year their ability to operate on a decentralized basis and to coordinate effectively the military activities of northern and southern Vietnam groups. The French expectation that the Vietnam Government would be willing to negotiate on French terms ignores the intensity of the hatred and contempt felt for the French by most of the population of northern Indochina. These feelings are not associated solely with the Vietnam Republic but would continue even if the Vietnam Republic should suffer grave defeat. None of the political figures advanced by the French or by native groups in French-held areas as alternatives to President Ho and the Vietnam Republic can command enough popular support to weaken the Vietnam Republic by inspiring important defections from it.

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French military authorities have committed their forces to the fall offensive, despite these factors opposing their success, probably because: (1) they underestimate Vietnam determination to resist; and (2) no French political party can support a move to conciliate the Vietnam because such a precedent might lead in a direction dangerous to the French Empire.

If the French fail to weaken the Vietnam Republic by their fall operations, the coming of the spring rainy season will place the French in the awkward position of maintaining extended lines of supply while defending themselves against the mobile operations of the Vietnam guerrilla forces. If the French forces are forced to withdraw in the face of such circumstances, they will have expended much military equipment and manpower for small returns. The consequent decline of French prestige will easily lead to wide defections among the native elements in French-held areas who have previously been cooperative.

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42. Daily Summary Excerpt, 29 October 1947, Reported Soviet-Inspired Military Operations in Greece

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3. Reported Soviet-inspired military operations in Greece--US Charge
in Sofia reports that, according to a reliable informant, the Soviet "master plan" at present anticipates the initiation of military operations against Greece by its northern neighbors on or about 15 December. According to source,

Dimitrov
had written from Czechoslovakia describing Soviet intentions. She

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stated that the Soviet internal situation is so "restive" that the Soviet people must be distracted by a military offensive.

(CIA Comment: Although there have been numerous unconfirmed reports of increased movements of troops and arms in Yugoslavia and Bulgaria, such reports probably suggest intensified covert military aid rather than overt operations by the Satellites. CIA discounts the above report for the following reasons: (a) it is improbable that Dimitrov would write concerning plans of this nature in a letter or that any precise information would be transmitted to the secretary's wife; (b) the reason given by source for such Soviet action is untenable; (c) the USSR is committed by the peace treaty to withdraw its troops from Bulgaria by 15 December and will probably not sanction overt military operations at a time when world attention will be focused on Soviet compliance with this treaty provision; and (d) it is still believed that the USSR is not ready to risk precipitating a war with the West.)

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43. Weekly Summary Excerpt, 7 November 1947, Soviet Preparations to Gain Control in Greece

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SOVIET PREPARATIONS TO GAIN CONTROL IN GREECE

Reports of recent military activity in Yugoslavia and Bulgaria indicate that the USSR, temporarily blocked in Western Europe, may have begun a more intensive campaign to gain control of Greece. Besides making preparations for increased Yugoslav and Bulgarian assistance to the guerrillas in Greece, the USSR appears to be building those two countries as the dominant military powers in South-eastern Europe. Full development of the Soviet plans is not expected, however, until after the London meeting of the CFM.

Increased Soviet military aid to Yugoslavia and Bulgaria is indicated by reports that: (1) Soviet arms and munitions are being sent to Yugoslavia and Bulgaria, both overland from Austria and by water through Black Sea ports; (2) the USSR has transferred several naval vessels to the Bulgarian Navy; and (3) extensive stockpiles of war supplies are being built up along the Greek and Turkish borders.

In addition to preparations for greater aid to the Satellites, Communist plans to increase direct military assistance to the Greek guerrillas are revealed by recently available reports of secret military clauses agreed upon at the Bled conference last August. According to these reports, a General Staff of the Central Balkan Council has been established under the chairmanship of Admiral Rodionov, former Soviet Ambassador to Greece. His staff will reportedly include Yugoslav, Bulgarian, Albanian, Rumanian, Hungarian, Czechoslovak and Greek-guerrilla officers who will assist in the operation of an International Brigade, or a "Balkan Army," consisting primarily of Greek, Yugoslav, Albanian, and Bulgarian personnel. Moreover, recent indications point to the imminent formation of a civil government in northern Greece. Such a development would permit more overt utilization of the military forces being organized in Yugoslavia and Bulgaria.

Despite these intensive military preparations and the failure of the USSR to begin withdrawal of its troops from Bulgaria (scheduled under the peace treaty to be completed by 15 December), the USSR probably does not intend at present to participate in overt military operations in Greece. Instead, the USSR is preparing to meet any

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43. (Continued)

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developments arising from the London meeting of the CFM. Meanwhile, these activities not only increase the Satellite potential for clandestine military aid to the Greek guerrillas, but also constitute an effective weapon in the war of nerves against the Greek Government. Finally, these actions serve to strengthen Yugoslavia and Bulgaria as effective defensive buffers against any "imperialist" aggression from the south.

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44. Daily Summary Excerpt, 19 November 1947, Germany: Soviet State in Eastern Zone Reported Fully Prepared

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4. GERMANY: Soviet state in eastern Zone reported fully prepared--
US Consul General _____ in Bremen has been "reliably informed" that the Social Democratic Party of the western Zones of Germany has "incontestable evidence" that a Soviet state in the eastern Zone of Germany is already "fully prepared."

(CIA Comment: Although the Soviet Union may have drawn up such plans, CIA doubts that it intends to put them into effect at this time. CIA believes that the Soviet Union will hold them in abeyance for possible subsequent application as "retaliatory measures.")

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THE LONDON CFM CONFERENCE

Since the adjournment of the Moscow Conference of Foreign Ministers on 24 April 1947, subsequent international meetings have given no evidence of any change of position by the USSR on the issues concerning Germany and Austria which will be discussed at the forthcoming London Conference of the CFM. Neither the protracted meetings of the Austrian Treaty Commission in Vienna nor the present largely fruitless efforts of the deputies at London to reach agreement even on minor matters have indicated the slightest adjustment of Soviet aims and objectives. Meanwhile, the US, the UK, and France have reached closer agreement on Germany and Austria.

The US and British positions on the German and Austrian problems are practically parallel. France has been drawn into closer accord since the Moscow Conference by participation in the European recovery program and by the elimination of the Communists from the French Government. Even though deep-rooted concern over security makes the French position on Germany different from that of the US and the UK, and although the French are not completely reconciled to the Anglo-American program for raising the level of German industry, France will undoubtedly modify its position in the interest of Western unity if the USSR remains inflexible at the London Conference. If there is such an outcome, the French can be expected to merge their zone with the US-UK Zones and to accept a higher level of industry for Germany in return for adequate security guarantees (such as an international control program for the Ruhr and Rhineland) and for assurances of sufficient coal and coke.

Fundamental Soviet objectives at the London meeting of the CFM will undoubtedly be basically the same as those the USSR pursued at the Moscow Conference. At Moscow, it became evident that the USSR seeks to communize Germany as an essential step in a plan to extend Communist control over all Europe. To carry out this objective, the USSR demanded a share in the control of the Ruhr, a centralized government of the Weimar type which could easily be scuttled, the payment of reparations from current production (which would have forced the US and the UK to bear much

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of the financial burden), and freedom for trade unions and "democratic" parties to organize in all zones. When the USSR was unable to obtain these demands, the Kremlin directed its efforts toward keeping the Soviet Zone in Germany economically sealed off from Western Europe. Such a policy was designed to reduce western Germany to a social and economic morass and was supported by the conviction that the US would inevitably have a severe depression which would force the abandonment of European commitments.

Since the Moscow Conference, however, major developments have occurred which will hinder the USSR in the attainment of its objectives. Chief of these developments has been the inception and drawing up of the European recovery program. Nearly as significant, however, has been the stiffening in attitude toward the USSR of the western participants in the CFM. Because of these developments, the USSR now is confronted with the imminent prospect of the unification of the three western zones in Germany and a consequent improvement in their economy. Moreover, the predicted US depression has not materialized.

In recognition of this change in the situation since the Moscow Conference, the USSR may make certain offers at London which will appear, on the surface, to be new and sweeping concessions. Such concessions might take several forms: (1) some scaling down of claims to German reparations; (2) the proposed establishment of a central economic administration which will apparently promote German economic unity but would also further Soviet political objectives; (3) the offered withdrawal of all occupation troops from Germany, which would secure the removal of US forces from Europe while merely requiring Soviet units to fall back to nearby Poland. Because Austria has been placed at the bottom of the proposed Soviet agenda, probably no Austrian concessions will be offered prior to acceptance of the German concessions. For these reasons, it is likely that any concessions offered by the USSR will be made more with an eye to their propaganda value than with any serious expectation of acceptance. The offers would be carefully drawn so as to prepare the way for placing the onus of failure to reach agreement on the US and the UK.

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45. (Continued)

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If these offers are made and are rejected by the Western Powers, the USSR will doubtless continue to maintain the present division of Germany, thereby denying to western Germany the possibility of exchanging its manufactures for the raw materials of eastern Germany and Eastern Europe. The USSR will thus be forced to continue a policy which was originally laid down on the hypothesis that the US would be crippled by a depression before it could make Western Europe a solvent and productive economic area.

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