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NEAR EAST/AFRICA BRANCH
OFFICE OF REPORTS AND ESTIMATES
CENTRAL INTELLIGENCE AGENCY

WORKING PAPER

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NEAR EAST/AFRICA BRANCH

INTELLIGENCE SUMMARY

Vol. IV No. 6

For Week Ending
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GREECE

Military situation: The psychological effects of the dismissal of Markos and local developments in several areas are providing the Greek Army with a unique opportunity for effective action against the guerrillas. The signs of dissent within the Communist ranks which marked the dropping of Markos seem to have lowered guerrilla morale and improved that of the Greek Army, which has been further heartened by the windup of the prolonged anti-terrorist campaign in the Peloponnesus. At the same time the aggressive tactics recently adopted by Zachariades have resulted in the exposure to government counteraction of larger guerrilla forces than was previously the case. The army did not move aggressively enough against the 3,300 guerrillas who captured Karpenision, so that the guerrilla force was able to escape with insignificant casualties, taking some 2,000 forced recruits along with it. However, the army showed new spirit in its successful defenses of Serrai and of Florina from which some 4,000 guerrillas are now in retreat, and a newly effected revision of command structure for northern and central Greece may facilitate more rapid action against future guerrilla raids. The army's advantages---both psychological and tactical---are only temporary. If the army can utilize them vigorously, without becoming bogged down by overconfidence, however, it may be able to obtain more lasting benefits.

TURKEY

Premier Gunalay's speech disappointing: Premier Gunalay's program, recently presented to the National Assembly, contains little to indicate that this cabinet will be any more able than its predecessor to solve the nation's economic ills. The Premier's speech gave no indication that any effective steps would be taken to reduce the high cost of living or the exorbitant price of products manufactured by government-owned enterprise and protected by a high tariff. The Premier indicated his intention of balancing the budget, reforming the tax laws, and encouraging private investment in productive enterprises; he did not, however, make clear the procedure to be followed in these worthy projects. The mild reaction of the opposition to this ill-defined address suggests that President Inönü privately requested the principal anti-government group (the Democrats) to go easy in attacking the new government. The opposition's forbearance is likely to prove more praiseworthy than long-lasting.

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PALESTINE

No progress at Rhodes: As the Egyptian-Israeli armistice negotiations at Rhodes enter their second month, agreement appears to be as far away as ever. The UN Acting Mediator's proposals for a compromise were accepted with minor changes by Egypt but were rejected by the Israelis, who are outspoken in their determination to impose a "victor's peace." Meanwhile, although several of the other Arab states have tentatively agreed to initiate negotiations with Israel, their full agreement is contingent upon successful conclusion of the Egyptian talks. The UN Conciliation Commission continues to keep aloof from the current discussions, fearing that if it should become identified with an unsuccessful outcome, its subsequent efforts to reach a settlement would be prejudiced.

On the credit side of the ledger should be entered the fact that hostilities in Palestine have not been resumed during the talks and that neither Egypt nor Israel has taken the decisive step of withdrawing from the parley. It appears increasingly unlikely, however, that the Rhodes conference will provide any solid foundation for a permanent peace.

The Arab refugees: The future of the more than 700,000 Arab refugees remains unsettled. Israel has no intention of permitting their return in any substantial numbers, and the Arab states are neither willing nor able to absorb them. Israel is preoccupied with assimilating immigrants from other countries, and Israeli spokesmen declare that Israel's economy cannot support the return of the Arabs and that in any event their return would endanger Israeli security. In taking over Arab property for their own use, the Israelis assert that they are merely taking advantage of a situation which they themselves did not create.

The countries neighboring Palestine have stretched their resources as far as possible in extending temporary aid to the refugees and would be unable to absorb the refugees permanently without assistance from outside. Iraq with 5,000 refugees and Transjordan with over 80,000 have an additional responsibility for 200,000 in central Arab Palestine—a constant drain on almost non-existent resources. Syria with 100,000 is weeks behind in its dole program. Lebanon is nearly bankrupt; furthermore the 90,000 refugees now in the country could not be integrated into its sensitively balanced Christian-Moslem grouping. The 8,000 refugees in Egypt are all that the Egyptians can handle; the 250,000 in the coastal area of Palestine occupied by the Egyptian Army endure the worst conditions of all under their defeated benefactors.

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The danger exists that the refugees, once they are fully aware of their plight, will be so embittered as to become a source of permanent unrest in the Arab world. Already scattered riots have occurred and thievery is increasing. As idle malcontents, the refugees could be readily exploited by subversive elements. Employment would go far toward dissipating this danger, but it is not available in the impoverished Arab states. Foreign financing would be necessary for projects which would provide a livelihood for the refugees and promote permanent resettlement. Vast undeveloped regions in Transjordan, Saudi Arabia, Syria, and Arab Palestine could be utilized for such projects as irrigation, fisheries, roads, and oil pipelines. Administration would be difficult, and the reward to investors might not be immediate, but the refugees would face exile with less hostility if they could look forward to permanent shelter and regular meals.

INDIA-PAKISTAN

Afghanistan and the tribesmen: Afghanistan is again evincing a strong interest in the future of the Pathan tribesmen of Pakistan's northwestern frontier areas. The Afghans emphasize that they have no territorial ambitions in the matter, but they have indicated that they cannot enter into closer relations with Pakistan unless treaty provisions are made for granting the tribesmen substantial autonomy. They assert that Pakistan is already committed to granting virtual freedom to the tribal areas and are calling for the creation, under some such name as Pakhtoon or Pathanistan, of a new state, embracing both Pakistan's North West Frontier Province and its border states to the north, which would recognize the linguistic and cultural identity of the border population and would be federated with Pakistan. The Afghans have emphasized their interest in the Pathan question by stating that the Afghan Government would face revolution and possible Soviet intervention if it entered into any agreements with Pakistan without insuring the cultural integrity of the Pathans.

The Afghan assertions are no doubt deliberately exaggerated. They are indicative, however, of Afghanistan's determination to do as much as possible to force Pakistan to make a settlement of the tribal issue which would prevent the complete integration of the frontier territories with the rest of Pakistan. Tribal sentiment in Afghanistan undoubtedly supports some form of autonomy for the Pathans, who live on both sides of the frontier, and if thwarted this sentiment may be sufficiently strong to embarrass or even to jeopardize the present Afghan regime. The Afghan Government itself opposes the strengthening of Pathan ties with Pakistan because it fears the loss of the military strength which it has always counted on the pro-Afghan Pathans to supply in the event of external threat. The Afghan Government is probably also moved by a desire to assure that the lands west of the Indus would revert to Afghan control if Pakistan were to disappear as a nation.

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Initially, Pakistan can be expected to deny having made any commitments toward the tribesmen and to resist any attempt to treat the frontiersmen as other than an integral part of the Pakistan population. Pakistan is well aware, however, of the dangers of serious disaffection among the frontier people and realizes that the Pathans, better armed than ever as a result of their participation in the Kashmir fighting, may seize upon the issue of autonomy as an outlet for their chronic restiveness now that they have been forced to withdraw from Kashmir. Pakistan may therefore decide to grant the tribesmen a considerably greater degree of autonomy than is now contemplated. If Pakistan does not do so, it is possible that within the next year serious disorders might develop on both sides of the border, and both India and the USSR might then be tempted to intervene.

NOTED IN BRIEF

Exclusion of Turkey from the Atlantic Pact continues to cause uneasiness in Ankara. The Turkish Government has been officially assured that, even if for geographic reasons alone Turkey must necessarily be excluded from such a group, the country's security interests will not be overlooked. Foreign Minister Sadak, however, last week made statements to the press indicating that the Turks are not wholly reassured on the point and still feel that there is a possibility of Turkey's becoming isolated while the Atlantic Pact nations are being bolstered with US support. He is now commenting, albeit nebulously, on the possibilities of a correlated Mediterranean security agreement.

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Turkey may appeal to the International Court of Justice for release of the army officer who crossed the Bulgarian border on horseback about a year ago. The Bulgarians arrested the officer and condemned him to death on a charge of espionage. The sentence was suspended after the Turkish Government made it evident that it would break relations with Bulgaria if the unfortunate officer were executed. He is still in Bulgaria, however, and the case is among the more serious recent incidents contributing to the continued state of friction between the two governments.

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Press reports that the UK and Israel have agreed upon conditions for reopening the Haifa refinery in the near future are without foundation, according to an Iraq Petroleum Company official at Haifa. The fact that an Israeli Government spokesman released the information on which the reports are based suggests that Israel may be trying to force the Company's hand.

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The assassination of Sheikh Hassan el Banna, leader of the Ikhwan (Moslem Brotherhood), on 12 February in Cairo may touch off a new series of retaliatory outbreaks in Egypt although Egyptian police throughout the country have been alerted for further trouble. Since the governmental banning of the Moslem Brotherhood on 8 December 1948, Ikhwan members--operating as an underground organization--have been responsible for repeated disturbances, the most serious incident being the assassination in late December of Prime Minister Nokrashy Pasha, head of the Saadist Party. While the loss of the Ikhwan founder and leader may eventually weaken the organization and thus promote greater domestic peace in Egypt, the government is seriously concerned regarding its internal security during the next few weeks.

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The evident friendliness between Egyptian and British representatives in discussions about increased irrigation for the Nile River may presage a reopening of talks for revising the Anglo-Egyptian Treaty of 1936. While King Farouk and high-level political leaders have repeatedly shown a secret interest in ameliorating Egypt's relations with the UK, they have found no formula for overcoming the expected popular reaction against any mutual agreement which does not provide for complete British withdrawal from the Suez Canal Zone and also from the Sudan. Egypt's continuing difficulties in Palestine and Prime Minister Abdel Hadi's inability either to quell occasional domestic outbreaks or to form a united party front in his cabinet are factors which may influence a renewed effort on the part of Egypt to bring about a general rapprochement with the UK.

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The Czechoslovak Ministry of Foreign Trade reports that its commercial mission to Ethiopia has been successful. Arrangements have been made to export sugar, tires, glass, jewelry, hunting firearms, leather goods, textiles, and paper to Ethiopia, and negotiations are now being conducted for delivery of sugar refining equipment. Exchange of merchandise can be increased provided Czechoslovakia is willing to import Ethiopian leather, oil seeds, and coffee. The Trade Mission has shown little interest in Ethiopian exports, however, and this relationship between the two countries may serve as a cover for satellite infiltration.

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The first shipment of US Arms Credit supplies for Iran, consisting of 48 tanks and 25,000 rounds of ammunition, reached Bandar Shahpur on 5 February. While Arms Credit materiel will represent a sizable

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increment of modern equipment to the Iranian Army, currently armed with outmoded equipment and lacking mobility, the chief task of the army will continue to be the maintenance of internal order and security rather than preparative for formal defense against a Soviet invasion. It is expected, however, that these shipments will raise Iranian morale, which has suffered both from uneasiness in the army over Iran's military inferiority and from an impression in the minds of military leaders that the US is not interested in Iran's fate. These Iranians disparagingly comment on the large quantities of supplies which the US has given to Greece and Turkey while shipping nothing to Iran.

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The UK has reacted vigorously to the Iranian Government's recent action crippling the authority of the Imperial Bank of Iran to engage in foreign exchange transactions. The UK maintains that this authority is not tied up with the concession, which expired on 30 January, and that six months' notice must be given before the authority can be withdrawn. The UK has notified the Iranian Government that it therefore considers Iran's action null and void.

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The Majlis has pigeonholed a court-sponsored bill seriously restricting freedom of the press. This action indicates that, although the Shah's position may have been strengthened by the abortive attempt on his life, the Majlis is still not disposed to cater to his ambitions.

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