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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

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## GREECE

Communists may prefer Greek political to military arena: Pending the outcome of the Paris session of the CFM, the immediate intentions of the USSR toward Greece will remain fluid. There are growing indications, however, that Communist strategists are considering the advisability of changing their immediate objectives in Greece. Such a move might produce considerable local advantage, and it might also be regarded by the world at large as a contribution to the general Soviet "peace" offensive. Soviet strategists with an eye to the southern Balkans may now realize that determined Greek national resistance and the US aid program are reducing Greek guerrilla capabilities. The Kremlin may also be concerned lest Albania prove to be an expensive and insecure investment as an anti-Tito outpost and as the main channel in the supply system that keeps the Greek guerrilla movement functioning as a war machine. Although these considerations are perhaps not overriding ones, they are probably being carefully weighed by the Kremlin in its decision regarding future tactics in Greece. Moreover, if an agreement is reached on Germany at the current meeting of the CFM, the USSR must recognize that its efforts to lull Western fears thereby would be largely negated if present Communist tactics in Greece were to be continued. Consequently, the Communists may be satisfied to abandon, at least temporarily, hope for a guerrilla victory or for the political and economic collapse of Greece provided they can do so without loss of face.

Recent Communist propaganda has paved the way for a possible shift in tactics in Greece from guerrilla warfare to political campaigning. The propagandists have glorified the guerrillas' readiness to make peace and to participate in free elections as a sign of courage and strength--in contrast to Western fears. Soviet-guerrilla peace offers have become more frequent, ostensibly more serious, and perhaps less rigid in their demands. The old demand for outright cessation of foreign military aid to Greece has been replaced by demands that British troops leave and that a date be set for the termination of foreign military aid--conceivably after elections.

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It also appears that the original demand for Greek Communist participation in the "highest body" conducting any new Greek elections has been softened. The present Communist proposal--that Soviet representatives be appointed to observe the elections (and also to watch the Greek frontier)--is obviously designed to counteract Western influence and to give the local Communists good hope for their political future. Although Communist propagandists have perhaps tempered their demands on some points, they have tended to place more emphasis on others, thereby hinting at their actual short-range objectives in Greece. New emphasis is being placed on the constant correctness of the attitude of KKE (Greek Communist Party) toward peace (as well as other issues), and strong efforts are being made to counteract government statements that KKE should not be legalized again. The Communists have also been playing heavily on the theme of amnesty and stays of execution for political prisoners.

These preparatory steps indicate that the USSR in any future negotiated peace would insist upon the following as minimum demands: (1) preservation of KKE through a broad amnesty; (2) legalization of KKE, and a guarantee that it be allowed to participate in general elections; and (3) a strong commitment regarding the withdrawal of US-UK missions from Greece. This program does not indicate any change in the ultimate Soviet objective of Communizing Greece; it merely seeks a rapid change from guerrilla rebellion to Communist "politicking." Under such conditions, any subsequent Greek government would still find political and economic stability impossible to attain without considerable foreign aid. The Kremlin may well believe that US public opinion, if presented with a cessation of Greek guerrilla warfare, would force a great reduction in US aid to Greece. In such a case the opportunities for an active and vocal Communist minority to expand and disrupt the peaceful development of the country would be greatly enhanced. Furthermore, a more political compromise in Greece will not deprive the USSR of many of its tools for resuming the war. The Communists have not yet made any mention of repatriating the 8,000 to 12,000 guerrilla reserves estimated to be north of the Greek border or of the 20,000 to 30,000 Greek children now receiving Communist indoctrination in various eastern European countries. Unless the Kremlin unexpectedly agrees to the repatriation of this entire body of guerrilla reserve manpower, a way will be open for a resumption of guerrilla warfare in Greece any time in the next decade.

Thus, in spite of their propaganda "peace" offensive, the Communists have given no real evidence of any readiness to end the fighting

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in Greece except on their own terms, although they have set the stage for further peace moves to be made when convenient. By including conditions unacceptable to the West, the Kremlin has apparently sought to forestall negotiations, pending its decision regarding the best future course of action. Consequently, the USSR can use its present terms as a basis either for future bargaining or for a continuation of its peace propaganda theme without having any serious intention of terminating the guerrilla war.

### **CYPRUS**

Slight Communist losses in Cyprus elections: Cyprus Communists have lost somewhat more in the May municipal elections than was originally anticipated, although they have retained their position in three of the six major industrial and port towns and in the important secondary town of Morphou. While the winning margin for both Nationalists and Communists was very small in many of the towns, the Communists obtained only 40 percent of the total vote, losing four of the eight towns they won in the 1946 elections. The surprising gain shown by Nationalist Greek Cypriots was achieved mainly by last-ditch efforts at the urging of the local Greek consul, the more responsible Greek Cypriot press, and various groups in Greece. It seems apparent also that numbers of independents who formerly voted with the Communists have been alienated by recent Cyprus Communist tactics of strike and violence, changes in leadership, shifting line on the enosis (union with Greece) and self-government questions, and closer identification with international Communism. While the anti-Communist forces have been strengthened by the elections at the expense of their rivals, it is doubtful whether they will prove as effective a positive political force (except in support of enosis) as they were during the heat of the elections. Meanwhile, the Communists still retain sufficient control in key towns and in the trade unions to create future trouble.

### **PALESTINE**

Israeli intentions: Israel's uncompromising aggressiveness at the Lausanne conference, in the armistice talks with Syria, and in its discussions with Jordan at Jerusalem appear to indicate that the Israelis are prepared to see the breakdown of all three sets of negotiations. While the Arabs, though far from pliable, have shown occasional willingness to compromise, the Israeli delegations have instead brought forward new demands. At Lausanne, where the Arabs were finally persuaded to abandon

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any special priority for the refugee issue, the Israelis have called for additional territorial concessions and have thus pushed the discussions to the brink of failure. In the deadlocked Syrian-Israeli armistice talks, Israel has refused to have Prime Minister Ben-Gurion meet with Colonel Faim in an attempt to work out a compromise. The negotiations with Jordan at Jerusalem are hung up because of Israel's insistence on control of the Mount Scopus area, and in rejecting a Jordanian counter-proposal that the Arab areas of the New City be yielded to Jordan, the Israelis have hinted that it might feel compelled to take the Mount Scopus area by force. These adamant tactics suggest that Israel might actually look forward to having the troublesome Palestine issue tossed back into the lap of the Security Council. With both sides likely to share the blame for breakdown of the current negotiations and the Security Council again saddled with the problem of making a decision and implementing it, such an outcome might provide Israel with a further opportunity for obtaining additional territory.

#### ISRAEL

The immigration problem: Israel's inability to absorb new immigrants at the current rate of over 15,000 a month is becoming daily more apparent. At present over 60,000 recent arrivals for whom housing and employment cannot be found are crowded in reception centers tragically similar to the DP camps from which they came. The government's frantic building schemes cannot keep up with immigration, and government plans for mass settlement in frontier areas have not taken into account the fact that most of the refugees are middle aged, sedentary, used to city life, and not the stuff of which pioneers are made. As a result of the government's failure to solve the critical trilogy of housing, unemployment, and inflation, there have recently been several large labor-veteran-refugee demonstrations, one of which, the May Day parade, bore the marks of Communist behind-the-scenes work even though it was not actually Communist in character. The Israeli Government is aware of the inability of its economy to sustain continued immigration at the present rate and of the favorable opportunities for Communist exploitation which exist among refugees who find the Promised Land just another DP camp and among soldiers who either remain in an idle army or are demobilized without homes or employment. However, it is politically impossible for any Israeli leader to suggest even a temporary curtailment of immigration; the Israeli Government apparently can only do what it can with an austerity program against inflation and broad housing and settlement schemes, meanwhile hoping that

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external circumstances (such as continued USSR and certain satellite opposition to emigration) will decrease the flow of immigrants to Israel.

### IRAN

The gendarmerie issue: Recent governmental preparations for a merger of the gendarmerie with the army have run into increasingly stiff opposition, and it is an open question whether the merger plan, for which the Shah and Army Chief of Staff Razmara are primarily responsible, will be put into effect. Although the plan's backers have attempted to justify their projected move by asserting that the gendarmerie is corrupt and ineffectual in maintaining public order and can be reformed only through incorporation into the army, many Iranians feel that the plan really represents an army attempt to grab additional power. In the general increase of personal animosities which the plan has stimulated, feeling has been particularly bitter against General Razmara, whose enemies, after unsuccessfully attempting to oust him a month ago, are now asserting that he is an evil influence at the court and a would-be military dictator. Additional opposition has been voiced by the US, whose Military Mission chiefs were not consulted during the formulation of the plan, and which considers the proposal intrinsically unwise as well as untimely. The expression of US suspicions has apparently impressed the Shah, who is extremely sensitive to US opinion, and he may be deterred from pursuing the project further at this time.

The USSR and the consulates: Although two months have passed since the Soviet Union informed the Iranian Government that it was closing its consular posts in Iran and called upon Iran to do likewise, the consular issue is still very much alive. Last week the USSR--which does not appear to have definitely closed any of its eleven consulates thus far--proposed in the name of reciprocity that it retain five consulates in Iran while permitting the lone Iranian consulate in the USSR, that at Baku, to remain in operation. This proposal was rejected by Iran, which has long urged reciprocity in a more literal sense. Although the Soviet Union would undoubtedly like to retain some of its consulates, which have served as headquarters for subversive activities, the adamant position which Iran has taken suggests that no solution can be reached except on the basis of true reciprocity, a condition which the USSR is not likely to accept.

Politics and the plan: Progress on the Seven Year Plan appears to be slowing down. Iranian officials have not retained Overseas Consultants, Inc. (OCI) for the operational phase of the program, asserting that no

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further contracts can be negotiated until the government had studied OCI's final planning report, due to be completed 30 June. Meanwhile, the government continues its efforts to make the Planning Organization confine its activities to advisory matters, instead of exercising the broad powers legally delegated to it; as an example, the Minister of Finance has now informed the Planning Organization--without legal justification--that only one million pounds will be available during the current year, advancing vague technical arguments which may be approved by the Council of Ministers. It is this sort of political interference which the authors of the Seven Year Plan bill attempted to prevent. If not stopped by the Shah, such interference may seriously jeopardize execution of the plan.

#### INDIA - PAKISTAN

UNCIP's move: Although the precise nature of the Indian and Pakistani replies to UNCIP's latest Kashmir truce proposals have not been revealed, they undoubtedly contain conflicts and thus put the next move up to UNCIP. The Commission might make a new attempt to obtain a compromise on the basis of its current truce proposals; the US has attempted to strengthen the Commission's hand by pointing out to India (which has been particularly obstructionist) that uncertainty over Kashmir may interfere with US plans for providing economic assistance to the subcontinent. It is more likely, however, that the Commission will instead seek some basis for calling in Admiral Nimitz, the Plebiscite Administrator-designate, to serve as a mediator. Meanwhile, speeches recently made by Prime Minister Nehru in Kashmir as well as the adoption by the Indian Constituent Assembly of a motion to permit Kashmiri representation in the Assembly indicate that India is continuing to do everything in its power to obtain Kashmir.

#### NOTED IN BRIEF

"The Greek Problem Can and Must Be Solved." if we can believe Pravda's lead editorial of 30 May. Greek National Forces are continuing their practical demonstration of this thesis by keeping the rate of guerrilla casualties much higher than that of guerrilla recruiting. In the fortnight preceding 25 May, during which guerrilla reserves introduced from the north were apparently fewer than for any comparable period in recent months, guerrilla strength on Greek soil slipped from 20,250 to 18,790. Except for a brief interlude in late August 1948, when several thousand

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guerrillas were passing through Albania on their way from Grammos to Vitsi, guerrilla strength within Greece has not been so low since October 1947. Reserves north of the border, mainly in Albania, would probably still raise total guerrilla strength well above 25,000 at present.

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That the Greeks take their honor as seriously as the Turks take their soccer has just been demonstrated to Greek and Turkish officialdom. Having already beaten the Greek team in an earlier match in Athens in a tournament for the Eastern Mediterranean Friendship Cup, the Turks were hardly receptive to Greek boos at a match on 20 May between Turkey and Italy. Flying fists succeeded in eventually making both the Greek and the Turkish Foreign Office take notice, and the affair had its aftermath in the form of mass anti-Greek demonstrations in Istanbul and Izmir. Public anger will probably be assuaged by the prompt statements of figures such as Sophocles Venizelos, son of the author of modern Greek-Turkish friendship. Neighborly differences of a sort are nevertheless normal between the two countries, as shown by governmental differences over the Greek drawing rights in Turkey, under the ECA program, and by recent press agitation over Cyprus.

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Turkish Foreign Minister Sadak appears to have persuaded most members of the National Assembly that his conversations in Washington were not unsuccessful. One opposition editor, on the other hand, upon reading eulogistic comments in a government party organ, asked rather sourly what language government spokesmen would have found to use if Sadak had returned with something really firm (such as a security alignment with the US by treaty) to offer his anxious fellow-countrymen. Notwithstanding their hope that he would return with some tangible benefits, the Turks on the whole have accepted the situation realistically and philosophically, encouraged to do so perhaps less by Sadak's reassurances than by the visible evidence throughout the land of continued US interest in supporting Turkey's independence.

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Passage of the Turkish military reorganization bill by the National Assembly would result in placing the General Staff and the Ministry of National Defense in a single unit under a civilian, the National Defense Minister. Hitherto, the

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General Staff (controlling the Army, Navy, and Air Force) has been independent and answerable directly to the Prime Minister. The expected unification should result in improved efficiency.

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In warning the government not to seek the advice of foreigners on domestic Turkish affairs, the Democratic Party voices a common Turkish sentiment, and the one most powerfully fanned by Soviet propaganda. This grum rumbling of fierce, nationalistic Turkish pride will not go unheeded in Moscow.

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Turkey's lack of fear of serious Kurdish troubles is demonstrated by a proposal to move headquarters of VII Corps 70 miles northward from Diyarbakir, which would improve lines of communications with headquarters of Third Army (of which VII Corps is a part), at Erzurum. Diyarbakir has long been one of the principal centers for keeping a watchful military eye on the Turkish Kurds.

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The Syro-Lebanese frontier was reopened on 25 May, and trade between the two countries was resumed, although there is still a ripple of ruffled feelings in Lebanon. Arab leaders, especially Egyptians, urged the direct Syro-Lebanese negotiations which commenced on 26 May at Chitaura, and it is expected that a face-saving accord will be reached to resolve the question of the Syrian soldiers being held in Lebanon. It is probable that Zaim's muscle-flexing was timed to coincide with current trade talks between the two countries; again, Zaim may have been simply diverting attention from the Syro-Israeli armistice stalemate. In any event, he is showing some nimbleness in scrambling from limb to limb.

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Jordan Foreign Minister Abdul Hadi reported enthusiastically about his recent visit to Damascus, where he conferred with his personal friend, Adel Arslan, Syria's Foreign Minister. In view of his claim that many misunderstandings between the two countries were ironed out, it appears that Abdul Hadi succeeded in allaying Syrian fears that King Abdullah would try in the near future to implement his "Greater Syria" scheme through military force.

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Israel and the UK reached a financial agreement on 30 May which the British considered generous and Israeli officials regarded as a "reasonable compromise." During the next six months the Jewish state will be able to spend in the sterling area about \$28 million, an amount equal to approximately one quarter of the Israeli sterling account which has been frozen in London since February 1948. Under this financial arrangement the Jews will be able to purchase urgently required capital and consumer goods which the Israeli Government particularly needs for the immigration and colonization programs. On the UK side, British exporters to Israel, who have faced a dwindling market during the last year as a result of Israel's scarcity of sterling, are now looking forward to the revival of Anglo-Israeli trade.

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The Israeli labor federation, Histadruth, on 30 May adopted a policy of neutrality toward the East-West trade union split. The weekend Histadruth conference decided to send delegates to the Soviet-supported WFTU congress at Milan and observers to the Geneva labor congress sponsored by the US, the UK, and the Netherlands. Should the Israeli plea, to be made at both conventions, for unity among international labor groups go unheeded, Histadruth's executive committee will probably decide to send only observers to subsequent meetings of the two opposing international labor groups.

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Recent activities of an ARAMCO survey party in the frontier areas between Saudi Arabia and the independent Sheikdoms (under UK protection) on the east coast of Arabia have reopened a long dormant boundary dispute between the UK and the Saudi Arabian Government. The dispute is not considered serious, however, as the UK and SAG have already agreed to negotiate the problem either at Jidda or Dhahran. The boundaries of primary concern are those of Qatar, Abu Dhabi, and Trucial Coast, areas where the Iraq Petroleum Company (in which the UK has a major interest) has oil concessions. Thus, the dispute represents not only a political difference between the UK and Saudi Arabia but also economic competition between ARAMCO and IPC. The Saudi Arabian Government, however, has expressed a desire that the question be settled without the involvement of interested oil companies.

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The Cyrenaican National Congress declared its country's independence on 28 May. Although the UK does not plan formally to recognize complete independence, the Chief British Administrator for Cyrenaica will publicly state on or before 1 June that the UK: (1) will take all steps compatible with its international obligations to promote Cyrenaican self-government; (2) proposes to set up in Cyrenaica an internal government headed by Emir Sayid Idress al Senussi; but (3) will do nothing to prejudice the eventual unification of Libya. It is likely that the Tripolitarians will attempt to follow the Cyrenaican lead since, fearing the return of Italy as the trustee power at some future date, they have been more anxious than the Cyrenai-cans to declare their independence. This declaration should also be a shot in the arm to independence advocates in Eritrea and Italian Somaliland. It is doubtful whether the French Government will be pleased with Britain's tacit approval of this declaration, since it might have a contagious effect in French North Africa.

The reported signing last week of a Soviet-Egyptian trade agreement, whereby Egyptian cotton will be exchanged for Soviet wheat, indicates the necessity Egypt feels for obtaining additional foreign markets for its chief agricultural product. A similar pact signed two years ago was not particularly beneficial to Egypt, for while the USSR shipped a large quantity of wheat to Alexandria, it also sold the newly purchased cotton in markets which are normally Egyptian. This time the Egyptian Government hopes that the USSR will abide by a special proviso in the current agreement requiring the USSR not to sell the cotton outside the Soviet Union.

In Iran, seven non-Tudeh journalists convicted during the recent courts martial were granted amnesty by the Shah and have been released from prison.

Strained relations between France and India resulting from the receipt by the GOI of a French note demanding the recall of the Indian Consul General and six Indian police officials at Pondichery have eased somewhat. The French Government explained that although a demand for the Indian Consul's recall had once been under consideration, presentation of the note was unauthorized and due to blundering during the absence from New

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**Delhi of the French Ambassador. Negotiations between the GOI and France concerning the French Colonies will be continued. It is expected that the GOI will maintain its policy of harrassment in the hope of bringing about the eventual union of the colonies with India.**

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