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E A S T E R N E U R O P E

S O V I E T U N I O N

Austrian Treaty Soviet willingness to resume four-power discussions on the Austrian peace treaty may be accompanied by a more conciliatory attitude in an attempt to achieve an early settlement. Prospects have improved for a Soviet compromise on the major points of disagreement which were not resolved during the last conference. The USSR may ostensibly champion the Yugoslav people by initially supporting Yugoslav territorial claims, in order to strengthen the Soviet bargaining position with the West. Because of the Tito-Stalin rift, however, it is unlikely that the USSR will wish to break off negotiations over this issue. Moreover, the Kremlin may now consider that: (1) a rehabilitated Austria could serve as a bridge over which needed western materials and machinery could flow to the USSR; and (2) despite the calculated risk of quadripartite withdrawal, an "unoccupied" Austria may be more susceptible to Communist infiltration. These considerations may impel the USSR to adopt a more reasonable approach to the thorny question of external German assets in regard to both the lump sum to be paid by Austria to the USSR for restoration of German external assets and the amount and type of properties to be turned over to the USSR. The achievement of a reasonable compromise would also strengthen Soviet propaganda claims that the USSR is leading the world effort to further peace. Consequently, as long as the Kremlin considers it possible to reach an Austrian settlement, the USSR is unlikely to initiate strong measures which would disrupt the present quadripartite administration.

114. Weekly Summary Excerpt, 14 January 1949, Eastern Europe: Communist Penetration; Soviet Intentions in Germany

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E A S T E R N E U R O P E

Communist Penetration Soviet determination to use the World Federation of Democratic Youth (WFDY) and its component national youth movements as instruments for the penetration of western European armed forces is suggested by a report that WFDY delegates recently attended a secret Paris conference held for this purpose. Although the WFDY has become an increasingly effective arm of Communist propaganda (it claims 50 million members in 60 countries), it has ostensibly left penetration work to Communist Party cadres. The Soviet delegate at the Paris Conference, however, reportedly discussed "disintegration work and the training of partisans," citing Communist activity in the French Army as an example for British and US youth groups, and calling for "conscript clubs" as the initial step in such work. Plans for such increased penetration activity are also indicated by: (1) the Kremlin's designation of an important Soviet Youth official to attend the Paris meeting; (2) an appeal by the WFDY to younger army elements; and (3) an accelerated campaign by the WFDY to bolster European and Latin American support for the Soviet drive in "defense of peace."

S O V I E T U N I O N

Soviet Intentions Recent Soviet and Satellite propaganda indicates that the Kremlin may now consider the early formation of an east German state to offer several advantages. Rather than attempt to cast the blame for a split Germany upon the western powers by waiting until the establishment of a west German provisional government, the USSR may now "justify" formation of an east German state which claims sovereignty over all of Germany on the grounds that current plans for a west German state are

- 6 -

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SOVIET UNION

virtually completed. Such propaganda claims, however, would have little effect within Germany. Although actual Soviet troop withdrawals following establishment of the new state would depend upon how quickly the USSR could safely transfer authority to the German puppet regime, the USSR could easily recognize the new German state and then accede to its request for the continued presence of Soviet soldiers. The Kremlin would probably estimate that such an arrangement, if accompanied by partial withdrawal and implying later complete withdrawal, would have a propaganda appeal throughout Germany and could result in increased demands for withdrawal of the western powers. In addition to these advantages for the USSR, some measure of Soviet prestige within Germany might be salvaged and general attention would be temporarily diverted from the Berlin blockade. Moreover, the USSR could avoid at least partial responsibility for the continuation of the blockade by insisting that the Communist rump government had control over Berlin. In any event, such an action would have the effect of interjecting an allegedly legal government for all Germany into the Berlin conflict.

- 7 -

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A N N E X

18 January 1949

THE SOVIET PROPAGANDA SHIFT

The reoccurrence of a Soviet propaganda "peace offensive" does not reflect a sincere desire by the Kremlin to negotiate outstanding east-west differences, except on Soviet terms. Neither does the Kremlin expect the US or the western governments to give serious consideration to the avowed Soviet desire for east-west agreement.

The Kremlin is attempting to weaken the position of the western powers and to delay positive western action by propaganda designed to: (a) create the illusion that the western powers, led by the US, are blocking an equitable solution of east-west problems; (b) ostensibly alleviate world tension in an attempt to persuade the new US Congress that current proposals for defense and foreign aid expenditures are unnecessary; (c) instill doubt and hesitation, both in the US and in western Europe, concerning the need for participation in the proposed Atlantic Pact; and (d) enable the Communist Parties in western Europe to regain some of the prestige and popular support lost during the recent months of direct action.

In making this tactical shift in its propaganda approach now, the Kremlin probably desired to take advantage of: (a) the convening of the US 81st Congress; (b) the appointment of a new US Secretary of State; (c) German dissatisfaction with, and western European misgivings over, the recent Ruhr decisions; and (d) the current discussions concerning the Atlantic Pact. Adoption of this propaganda line, however, has not committed the USSR to any specific course of action. The USSR can be expected to emphasize this approach as long as the Kremlin considers that it is contributing to the long-range Soviet program to defeat western recovery and defense efforts. On the other hand, the USSR will probably make still another tactical propaganda shift if the present approach encounters vigorous resistance.

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DBA Memo, 4 Apr 77
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116. Intelligence Memorandum 124, 19 January 1949, Continuing Instability in Greece

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CENTRAL INTELLIGENCE AGENCY

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DDA Memo, 4 Apr 77

19 January 1949

Auth: DDA REG. 77/1763

Date: ~~15/11/77~~ BY: ~~011~~
INTELLIGENCE MEMORANDUM NO. 124

SUBJECT: Continuing Instability in Greece

1. Greece, although still free of Soviet-Communist domination, is in a dangerous state of war and political and economic instability despite almost two years of extensive US military and economic aid totaling approximately 750 million dollars.
2. The economic rehabilitation of Greece would be a long, difficult, and expensive task even if there were no guerrilla warfare or political instability. Extensive damage caused by World War II has been superimposed on a country having such indigenous problems as limited land resources, overpopulation, an agriculture oriented toward the production of semi-luxury products, and primitive agricultural, mining, and industrial methods as well as an archaic communications system.
3. The political situation in Greece has long been precarious, and Greek political leadership has been mediocre. Five years of prewar dictatorship stifled normal political life and prevented the development of young politicians. Moreover, the war itself and postwar excesses have led the politicians to assume bitter and uncompromising positions. Selfish partisan interest, political bickering, and an unwieldy bureaucracy have deprived the Greek people of competent government and of a source of inspiration in their present struggle for survival.
4. The guerrilla war is the immediate cause of continuing Greek instability. The USSR and the satellites are seeking to dominate Greece through the instrument of the local Communist Party and its guerrilla organization. In view of Greece's 500-mile northern frontier and the mountainous terrain of the country, the satellites can easily and at little expense furnish tactical and material aid to the guerrillas in the amount necessary to perpetuate economic and political instability, counteract the psychological and economic value of US aid, and promote a progressive deterioration of the national will to resist. The Greek Army, on the other hand, has suffered from a defensive rather than offensive spirit, lack of aggressiveness, bad timing, and inadequate training for anti-guerrilla mountain warfare, together with poor leadership in the high command and political interference.
5. The US aid program has been attempting to solve this threefold problem. On the economic side, it has made some progress in rebuilding vital roads, ports, and other facilities and in stabilizing the currency and reviving trade. The guerrillas, however, have succeeded in countering



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US aid by sabotage, terrorization of the agricultural population, and creation of an enormous refugee burden for the Greek state. Also, the guerrilla war and its attendant evils have made Greek businessmen afraid to invest their wealth in Greece. While in theory US funds, material, and technicians are sufficient for restoring the economy of Greece, successful completion of the task is prevented by the political and military factors.

6. The elections of 1946 brought to power the monarcho-rightist Populist Party dominated by Tsaldaris. US pressure has on several occasions forced the Populists to "broaden" the government by including Centrists and Liberals. While inclusion of these elements has given at least the appearance of a more liberal government, it has in fact increased dissension, confusion, and disunity. No political party or individual has presented a concrete program, and no political party or individual has so far subordinated party politics to national interests. So far the US has hesitated to interfere directly in Greek politics or to impose needed reforms; the Athens political merry-go-round continues, with the same faces appearing and reappearing, and popular confidence in the government continues to decrease.

7. British training and US military supplies and tactical advice have more than offset corresponding aid obtained by the guerrillas from the satellites. The guerrillas, however, continue to possess the advantages of terrain, mobility, short supply lines, escape routes, and refuge areas. Good leadership and high morale in the Greek Army could probably offset these advantages to the extent of enabling the army to clean up the guerrilla pockets in the Peloponnese and southern and central Greece, and to contain the guerrillas in the frontier areas.

8. US aid to Greece has fallen far short of achieving its ultimate objective; it has, nevertheless, prevented the development of a situation far worse than that which now prevails. If assured that US aid will not be withdrawn or decreased, and provided competent leadership becomes available, the Greek people and armed forces are capable of continuing the war against the guerrillas. Psychologically, however, the Greeks--after over eight years of war, hunger, disease, and privation--are weary of fighting a war which many of them have come to regard more as a part of the major clash between East and West than as merely their own struggle for existence.

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E A S T E R N E U R O P E

Communist Dictatorships The Kremlin apparently feels that the Communists of Bulgaria, Rumania, and Hungary are strong enough to dispense with the fiction that these countries are democratic states. Communist leaders in the three Satellites have recently declared that the Soviet-sponsored regimes are now "dictatorships of the proletariat." Matyas Rakosi, Secretary General of the Hungarian Communist Party, has also stated that these "dictatorships" represent one type of government necessary to the transition from a capitalist to a socialist state. The frank admission that the Communist Party is the controlling power in Hungary indicates the early establishment of a National Front government, another basic type of Soviet regime which has already appeared in Bulgaria and Rumania.

Satellite Economy The formation of the Council of Mutual Economic Assistance by the USSR at this time indicates that it is a defensive measure designed to offset the successes of the European recovery program. This Soviet-directed Council will attempt to coordinate further the economies of Poland, Hungary, Rumania, Czechoslovakia, and Bulgaria as a major step toward their eventual integration with the economy of the USSR. Although this latest Soviet move is undoubtedly part of a long-range plan, the immediate Kremlin objectives are to counterbalance the adverse effects on eastern European morale of the relatively rapid economic recovery in western Europe and to prevent the spread of nationalistic-economic heresies, such as Tito's. The Council's formation may have some propaganda value by renewing hope within the satellite countries that mutual cooperation may improve the low standard of living. The Council will result in some improvements in the Satellite economies by providing for more effective planning and more efficient distribution. Despite the fiction of economic equality, the Council's formation will inevitably result in tightened control of the eastern European economies by the Kremlin.

- 5 -

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118. Daily Summary Excerpt, 4 February 1949, Moscow Meeting of Soviet-Satellite Military Leaders; Further Kremlin Overtures Predicted

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4 FEB 1949
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EUROPE

- I. USSR: Moscow meeting of Soviet-Satellite military leaders-- US Embassy Moscow transmits a reliable report that high-level Czechoslovak and Polish military delegations have arrived there. The Embassy believes that an "elaboration of Soviet-Satellite military integration" may be the next step after the recent establishment of the Council of Mutual Economic Assistance. The US Military Attache in Moscow suggests that a conference of Soviet-Satellite military leaders may foreshadow the announcement of a military pact which would be analogous to the mutual aid council in the economic sphere.

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ARMY

(CIA Comment: CIA believes that the formation of a defense council is the Kremlin's next logical move as a countermeasure to the North Atlantic Pact. However, such a defense council would mean little more than a formalization of the existing integration of control of military forces.)

Further Kremlin overtures predicted--The US Military Attache in Moscow, in an analysis of Stalin's second press interview, predicts that the Kremlin will make "further overtures" in the near future. The MA believes that the Soviet and Satellite populace, and perhaps a sizable segment of world opinion, will accept the Soviet-inspired thesis that "Stalin strove for peaceful settlement and Truman refused."

(CIA Comment: CIA believes that the Kremlin will make additional propaganda overtures in an effort to obtain US agreement to enter into bilateral negotiations with the USSR.)

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119. Daily Summary Excerpt, 11 February 1949, Evidence of Soviet Aid to Chinese Communists

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11 FEB 1949
910

GENERAL

1. Evidence of material Soviet aid to Chinese Communists--
reports
that he has seen "hundreds of Soviet-made trucks" in the
environs of that city.

Army /s

(CIA Comment: This eyewitness report by a reliable
US observer is the first conclusive evidence that the Chinese
Communists possess Soviet materiel in volume.)

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E A S T E R N E U R O P E

Soviet Military Bloc . Although the USSR has already established a military alliance with the Satellite states through an interlocking network of mutual assistance pacts, persistent reports emanating from eastern Europe indicate the formation of an eastern European military bloc to counter the establishment of the North Atlantic Pact. Speculation regarding such a move by the Kremlin has been intensified by the mysterious visit of Vishinsky to Czechoslovakia, as well as by the reported presence there of Gromyko, Zorin, the Polish Communists Berman and Zawadzki, and Soviet Ambassadors from the Satellites. Other reports place the Hungarian Minister of War and high-ranking Czechoslovak and Polish military officials in Moscow for planning of a similar nature. The formation of such an east European military organization would enable the USSR to exert more direct control of "unreliable" Satellite military establishments and would improve the morale of the Satellite Communist regimes which are becoming increasingly concerned over growing economic stability, political cooperation, and defensive preparations in western Europe.

- 3 -

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SOVIET PLANS FOR AN EAST GERMAN STATE

Further Communist designs to integrate eastern Germany into the political and economic system of the Soviet bloc were apparent at the recent Socialist Unity Party (SED) Congress in Berlin. Speeches by Satellite delegates and Congress approval of the Oder-Neisse line as Germany's eastern boundary laid renewed stress on Communist efforts to reconcile the Satellite states to closer collaboration with the Soviet Zone and to eventual inclusion of the area in the Soviet orbit. Other action at the Congress indicates that the USSR is still attempting to insure Communist control of east Germany. By reviving advocacy of a "broad democratic front," the Communists are seeking the political support of formerly uncooperative elements. The establishment of an SED "Politburo" was designed to discipline the SED in order to make it a more effective instrument of Communist control.

The reversal of the SED stand for the incorporation of Berlin into the Soviet Zone indicates that the Communists believe the Berlin impasse will continue. In line with the Soviet theme of a "unified Germany," this tactical renunciation of Communist claims that Berlin is an integral part of the Soviet Zone may be designed to combat possible inclusion of the three western sectors of the city in a west German government. Moreover, by omitting Berlin from a future east German state, the USSR may feel that it can insure control over the new state by maintaining Soviet troops there to guard communication lines to a Soviet garrison in Berlin. Although the Congress again stressed the theme of German unity, Communist tactics at the Congress once more suggest that the USSR intends to create an east German state which will claim sovereignty over all Germany. The formation of such a state would probably be timed to counter the formation of a west German provisional government.

- 17 -

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122. Daily Summary Excerpt, 24 February 1949, France: Implications of Communist Leader's Statement

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24 FEB 1949
920

EUROPE

2. FRANCE: Implications of Communist leader's statement--
US Embassy Paris interprets Communist Leader Thorez
22 February statement as added evidence that the Kremlin
is demanding a return by the French Communists to a purer
form of Leninist-Stalinist doctrine and tactics, including
more aggressive class warfare. (Thorez reportedly sug-
gested that if the Soviet Army were to invade France, the
French people would take the same attitude as the people
of Poland, Rumania, and Yugoslavia.) The Embassy further
regards the statement as: (a) proof of Kremlin determina-
tion to thwart the consolidation of western Europe even at
the risk of losing popular Communist support in France;
and (b) a signal to Communist militants to accelerate
sabotage of French efforts to strengthen national defense.

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(CIA Comment: CIA agrees that Thorez' statement
indicates a further tightening of Communist discipline and
a reduction of the party to its "hard core." Moreover, even

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though Thorez' declaration will apparently be detrimental to Communist popularity in France, he may have made it at this time in an effort to convince prospective members of the Atlantic Pact that France would be unreliable in a defensive alliance. CIA does not believe that widespread strike action is probable in France in the immediate future.)

- 2 -

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123. Daily Summary Excerpt, 4 March 1949, France: Government Policy on Communist "Treason"

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MAR 1949
927

EUROPE

- 3. FRANCE: Government policy on Communist "treason"--US Embassy Paris has learned that the Interior Ministry intends, in combatting the "treasonable" Communist line, to place emphasis "on what the Communist do rather than what they preach." the Kremlin expects

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Western European Communists not only to undermine European morale but also to engage in military and industrial espionage and eventually sabotage. It may sometime be necessary for France to mobilize the men in every plant which is working for national defense.

(CIA Comment: CIA considers that the French Communist Party is likely to make plans for sabotage, especially against the armaments industry, but that the Communists are not likely to possess the capabilities for large-scale sabotage in the near future.)

- 2 -

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E A S T E R N E U R O P E

SOVIET UNION

Propaganda Offensive Strenuous Soviet efforts to forestall the proposed Atlantic Pact are, by their very intensity, generally producing results opposite to those desired by the Kremlin. The recent speeches by Communist Leaders Thorez and Togliatti can be expected, if anything, to intensify existing support in France and Italy for the Pact. By publicly asserting that Communists in these countries would welcome invading Soviet forces, these leaders hoped to increase the fear of war and of Soviet occupation of Western Europe and also to demonstrate the unreliability of both France and Italy as prospective Pact members. This type of attack, however, tends to reinforce other factors that have been weakening Communist influence as a political force in France and Italy. Moreover, Communist leaders, by calling for a return to Communist militancy comparable to that of the late 1920's, are preparing the way for greater emphasis on sabotage and subversion.

Meanwhile, increased Soviet propaganda pressure on Scandinavia is also having little effect. The USSR may soon revive the Spitsbergen issue by asking Norway for assurances that no military bases will be built in the Spitsbergen archipelago. The Kremlin will probably claim that any defense preparations in the area would be a violation of the Spitsbergen Treaty of 1920. The Kremlin, anticipating Norwegian rejection of the Soviet-proposed non-aggression pact, is already accusing Norway of "aggression" and may use this as an excuse for demands on Finland, possibly by proposing joint Soviet-Finnish defense discussions. These prospective maneuvers

- 5 -

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SOVIET UNION

probably would not change Norway's desire to join the Pact, and Finland's present Social Democratic Government would probably reject any such Soviet proposals. The Finnish Government may be strengthened by the inclusion of representatives of other non-Communist parties and thus be prepared to offer stronger opposition to future Soviet demands.

Merchant Shipping The USSR is attempting more and more frequently to force the masters of foreign vessels to open safes and sealed envelopes during calls at Soviet-controlled ports. Such incidents have involved merchant ships of the US, the UK, and other western powers. The USSR probably hopes to obtain intelligence which would disclose the disposition of western merchant shipping if hostilities broke out.

- 6 -

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125. Weekly Summary Excerpt, 11 March 1949, Germany: Berlin Currency; Soviet Union: Molotov-Mikoyan, Communist Militancy, Atlantic Pact; Yugoslavia: Greek Guerrillas

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WESTERN EUROPE

GERMANY

Berlin Currency Although Soviet reaction to the proposed issuance of the western "B" mark as the sole currency for the western sectors of Berlin will be swift and well-publicized, the USSR is not likely to interfere seriously or forcefully with the operation of the airlift. Soviet retaliatory action will probably take the form of further tightening of the blockade and may involve conversion of the Soviet eastern mark to a new currency. Soviet measures to curtail the movement of supplies from Soviet-controlled territory to the western sectors will increase the hardships of the western population, further impair the west sector economy, and probably require an increase in the airlift. Soviet authorities could tighten the land blockade by: (1) halting all rail traffic, including the S-bahn and streetcars; (2) cutting off water traffic on the canals; (3) stopping or sharply reducing pedestrian traffic between the western sectors and Soviet-controlled areas; (4) barring all mail service; (5) cutting west-sector long-distance phone cables, local inter-sector phone lines, and all telegraph cables; and (6) splitting completely Berlin's systems of electrical, gas, and water supply, and the sewage disposal facilities. In determining the extent to which these measures will be applied, the USSR will be restrained primarily by the economic repercussions in the Soviet zone, which would be deprived of important materials and skilled labor now being received from the western sectors of the city. If the USSR converts its present eastern mark, it will do so in order to prevent eastern marks presently held in western Berlin from flowing back into Soviet-controlled territory. Such a Soviet move would leave western sector occupation authorities with the moral obligation to redeem a very large number of relatively worthless eastern marks in order to avoid undue hardship for the German holders of this currency.

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E A S T E R N E U R O P E

SOVIET UNION

Recent Soviet reaction to western economic and defensive measures, though not yet crystallized, has thus far manifested itself chiefly by top-level changes in ministerial positions in Moscow and by an apparent shift in tactics by Communist Parties outside the Soviet Union. The implications of Molotov's and Mikoyan's shift from their ministerial posts will probably be clearer after the current session of the Soviet parliament, but no basic change in Soviet policy toward the West is expected. The USSR will continue its attacks on the Atlantic Pact, its obstructionist policy in the UN, and its attempts to gain control over all of Germany. Meanwhile, however, Communist Parties outside the USSR are apparently reverting to the active, militant policy of the 1920's.

Molotov-Mikoyan The Kremlin decision to relieve Molotov from his position as Foreign Minister and Mikoyan as Minister of Foreign Trade, although not an indication of any fundamental change in Soviet policy, probably does reflect a Soviet reassessment of the progress of the cold war. Molotov's shift may reflect the Kremlin's belief that the problem of formal relations with the West has been reduced to secondary importance by western gains and the growing inability of the USSR to make progress on the diplomatic level. Similarly, western gains have made it more imperative for the USSR to consolidate its position in Eastern Europe and Communist China. Thus, although Molotov may have been released for the purpose of taking over Stalin's position as Premier, he, as well as Mikoyan, may have been relieved of ministerial duties in order to concentrate on the pressing political and economic problems of the Soviet sphere.

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~~SOVIET UNION~~

Communist Militancy The apparent failure of recent Soviet diplomatic and propaganda weapons to sabotage US-European defense efforts and to gain popular support for Communism has prompted the Kremlin to order Communist Parties outside the Soviet Union to prepare for militant and subversive methods in pursuit of Soviet objectives. This announced reversion to the active militant policy employed by the Communist Party in the late 1920's may, therefore, signify the end of postwar tactics which were characterized by so-called "legal" Communist operations within established political frameworks. This shift in political tactics apparently implies a renunciation of the popular-front technique of co-operation with non-Communist governmental factions.

Atlantic Pact Continued Soviet efforts to defeat the purposes of the Atlantic Pact are revealed by recent Polish feelers for non-aggression pacts with the Scandinavian countries. The Polish campaign is apparently concentrating on the minimum goal of preventing a formal Swedish alliance with the West. Aside from the strategic and political factors which make Scandinavia a natural goal for Soviet hegemony, the USSR's industrialization plans for Poland and Czechoslovakia depend upon an uninterrupted flow of imports from Sweden. Likewise, Polish coal has long played a significant part in Scandinavian industry, especially Sweden's. Thus, aside from the USSR's interest in preventing closer political and military cooperation between Sweden and the West, the Soviet Union is desirous of maintaining uninterrupted the vital economic lifeline from Scandinavia to the Satellites.

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YUGOSLAVIA

Reports of increased military activity in Bulgaria and Albania, combined with recent changes in Communist activities in northern Greece, suggest that the Kremlin is preparing a greatly intensified campaign for the overthrow of Tito. Realizing that six months of dialectical battle and relatively minor diplomatic and economic reprisals have, if anything, driven Tito further toward the western camp, the Kremlin now appears to be planning more drastic steps, which may possibly end in overt military action.

Greek Guerrillas An apparent shift in Communist activity in Greece strongly suggests that the Kremlin has decided to abandon temporarily its campaign to gain control over all of Greece and instead to attempt to exploit the Macedonian question as an additional weapon against Tito. The guerrilla radio has announced that an autonomous Macedonian state would be proclaimed in March. This new strategy is probably an attempt to gain the support of the large Slavo-Macedonian population in northern Greece. The autonomous Macedonian state envisaged by the Communists would, if established, tend to undermine the Tito regime and would thwart Tito's deep-seated ambitions for a Macedonian state under Yugoslav control. The Kremlin may also believe that it can secure such long-range benefits as an Aegean port, a land route between Bulgaria and Albania, a curtailment of Greek economic resources, and a base which could serve as a strategic threat against Greece, Yugoslavia, and Turkish Thrace. Aside from the possibilities such a plan offers for increasing the pressure against Tito, however, it is unlikely that the USSR will derive much benefit from raising the controversial Macedonian question at this time. Although

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YUGOSLAVIA

Greek Communist leaders have, in a hedging statement, announced their support for an independent Macedonia, the rank and file will resent any move aimed at the dismemberment of Greece. Moreover, even with Slavo-Macedonian reinforcements, the guerrillas would be too weak to hold ground against the Greek Army without open intervention by the Satellites.

Military Preparations Meanwhile, the USSR is reportedly stepping up military preparations elsewhere. Top-ranking Satellite military leaders are reported to be meeting at Debrecen, Hungary. Although the meeting may be designed to establish a "defensive" East European military bloc as a counter to the Atlantic Pact, plans for exerting greater military pressure on Yugoslavia may also be on the agenda. Bulgaria is reportedly increasing its flow of supplies to the Greek guerrillas in eastern Thrace. A noticeable increase in Soviet military activity has been observed in Albania. Soviet supplies and arms are arriving at Albanian ports, and numerous reports have been received indicating the landing of Soviet personnel and aircraft. Moreover, increased Albanian protests of Yugoslav-inspired border incidents, although at this stage probably a stepping-up of the war of nerves, could be used as an excuse for eventual armed action against Tito.

Yugoslav Reaction The Tito regime, in the face of these signs of increased Soviet pressure, shows no sign of capitulating to the Kremlin. Finally breaking an enigmatic silence on the proposal for an autonomous Macedonia, the Yugoslav Government has issued a denunciation, contending that the proposed campaign for an independent Macedonia: (1) would only create confusion in the ranks of

- 8 -

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YUGOSLAVIA

Greek and Macedonian guerrillas; and (2) was merely a part of the Cominform campaign against Yugoslavia. The Tito regime will exert every effort to prevent the formation of such a state and will publicly accuse Bulgaria of violating its past pledges for cooperation in handling the Macedonian question. In conclusion, there is no reason to believe that Tito will be intimidated by these Soviet measures, and any attempt short of overt military action will probably fail to dislodge him. Moreover, present Satellite armed forces are not strong enough to overcome the Yugoslav Army unless they are strongly supported by Soviet troops and materiel.

- 9 -

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17 MAR 1949

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GENERAL

1. Present Soviet intentions in Iran--US Ambassador Wiley in Tehran considers that the only uncertainty about Soviet intentions in Iran is the timing of a Soviet move to return to the country. Wiley believes that the recent setbacks suffered by the Soviet Union, particularly the imminent conclusion of the Atlantic Pact, make it possible that the USSR may enter Iran in the near future.

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In transmitting Ambassador Wiley's views concerning Iran to US Embassy Moscow, the Department of State has requested the Embassy's judgment on the probable effect upon the USSR of a US statement of continuing concern over the security of Greece, Turkey, and Iran, such statement to be made simultaneously with the conclusion of the Atlantic Pact. The Department points out that the UK, which had previously urged that such a declaration accompany the conclusion of the Atlantic Pact, now opposes such a statement, especially the inclusion of Iran.

(CIA Comment: The USSR is not likely to take overt action in Iran at this time, especially because such action would decisively facilitate the rapid and effective implementation of the Atlantic Pact.)

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E A S T E R N E U R O P E

S O V I E T U N I O N

Molotov-Mikoyan Shift No basic change in Soviet policy toward the West can be expected as a result of recent personnel changes in the Soviet hierarchy. These changes were probably designed to increase the efficiency of party and state mechanisms, both politically and economically. The relatively rapid consolidation of the West, as currently exemplified by the Atlantic Pact, is the immediate reason for the personnel changes. The realignment of personnel simultaneously presages intensified efforts to consolidate and strengthen the Soviet orbit politically, economically, and militarily.

The cold war can be expected to continue undiminished in intensity. Recent speeches by western European Communist leaders suggest that subversion and sabotage, in addition to more conventional tactics, eventually will play a more important role in Soviet-Communist strategy against the West. Responsibility for formal political and economic relations with the West has passed from Molotov and Mikoyan to Vishinsky and Menshikov, both technical executives without policy function who can be expected to adhere religiously to policies established by the Politburo.

The relief of Molotov, Mikoyan, and Voznesensky from operational responsibility will leave them free to concentrate on pressing problems of political and economic policy of the entire Soviet orbit. Molotov, as heir apparent to the Soviet throne, would be the logical choice to assume over-all command. Such responsibility would bring him one step closer to eventual assumption of complete power in the event of Stalin's retirement or death.

Mikoyan and Voznesensky are the best-qualified Soviet leaders to deal with the economic consolidation and strengthening of the Soviet bloc. Mikoyan is apparently the leading figure in the Soviet-inspired Council of Economic Mutual Assistance (CEMA) which has already begun to assume the function of economic planning for the entire Soviet bloc.

One of the first results of this Soviet realignment will probably be shown in the handling of the case of Tito. Tito's defection, with its ramifications, is undoubtedly the most pressing internal problem of the Soviet sphere and demands a drastic solution to prevent the further spread of nationalistic deviation.

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NEAR EAST - AFRICA

IRAN

Soviet Relations Intensified Soviet pressure against Iran is expected as a result of the recent serious deterioration in relations between the two countries. Principal factors causing this deterioration have been: (1) the suppression

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IRAN

of the pro-Soviet Tudeh Party in Iran; (2) far more belligerent anti-Soviet Iranian propaganda; (3) the shipment of US arms to Iran; and (4) public reference to the possibility of Iranian participation in a Mediterranean or Near Eastern pact. The USSR probably sees in these developments a further threat to its principal immediate aims in Iran: gaining control over Iranian oil and blocking closer military ties between Iran and the West. Increased Soviet pressure will probably not take the form of overt military intervention. Instead, the USSR will probably renew its demands that Iran maintain "friendly" relations with the USSR and build up Soviet troop concentrations on the Iranian border. The Soviet Union may also attempt to incite uprisings in Azerbaijan. In order to counteract such measures, Iran will probably inform the UN Security Council of the deterioration in Soviet-Iranian relations and press for a US denial of Soviet charges that Iran is being turned into an offensive base against the USSR.

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128. Daily Summary Excerpt, 4 April 1949, US Policy in Germany

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EUROPE

2. GERMANY: Review of US policy in Germany requested--US
Political Adviser Riddleberger in Frankfurt believes that the
events of recent weeks in western Germany indicate the necessity

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for a careful re-evaluation of US policy. According to Riddleberger, the unsatisfactory political situation in the western zones arises principally from the disunity of the western powers concerning Germany and is evidenced by mounting confusion, doubt, and disillusionment, particularly in connection with the slow formation of the west German government. Riddleberger points out that the strong desire for trade between west and east Germany, combined with a desire for political unity, produces a growing west German tendency to favor rapprochement with Communist-run east Germany. Riddleberger observes that west German responsiveness to Soviet peace and unity propaganda is much greater than it would have been some months ago.

(CIA Comment: CIA considers that the lack of agreement among the western occupying powers is the chief deterrent to progress on a west German state and that such disunity encourages German expectations of western concessions on the issue of centralization. Concerning the tendency to favor rapprochement with east Germany, CIA believes that even though west German conservative commercial circles desire eastern markets, the desire of west Germans as a whole for political unification on Soviet terms is weak. CIA does not believe that west Germans are very receptive to Soviet propaganda for "peace and unity.")

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BULGARIA

Communist Deviation The arrest of Traicho Kostov, vice premier and second most important Communist leader in Bulgaria, along with several other leaders in the Government and Party, indicates that the Kremlin has not yet been able to obtain the complete loyalty of the Satellite Communists. These arrests underscore the seriousness of the Kremlin's problem and the strength of Tito-like nationalism; they occurred in a Satellite often used by the Kremlin as an example for the other Satellites. Moreover, Kostov has generally been regarded as absolutely loyal to Moscow. The official communique describing his expulsion charged that Kostov: (1) lacked sincerity in his dealings with Soviet representatives (he apparently resisted economic exploitation of Bulgaria by the USSR); (2) disregarded Party and Government directives; (3) promoted distrust and suspicion within the Bulgarian Communist Party; and (4) opposed the Bulgarian Politburo. Apparently Kostov's cardinal sin was his effort as chairman of the Committee for Economic and Financial Questions to oppose Soviet exploitation of the Bulgarian economy. Although it is not known to what extent Kostov and those arrested with him had succeeded in forming an anti-Cominform organization, the recent denunciation by Interior Minister Yugov of the tendency of nationalist deviationists to form sects suggests that at least a loose kind of grouping was developing.

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130. Weekly Summary Excerpt, 22 April 1949, Soviet Tactics in Germany; Satellite Communist Purges

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WESTERN EUROPE

GERMANY

Soviet Tactics Soviet tactics in Germany continue to suggest that although Soviet control of all Germany undoubtedly remains the maximum objective, the Kremlin has decided that a "neutral" Germany, prevented from making a

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GERMANY

firm alignment with the West, is a more feasible goal for the immediate future. The Kremlin may reason that the traditional tendency of German commerce to look eastward for markets and raw materials will bring Germany under eventual Soviet domination.

Meanwhile, rumors have been active recently that the Soviet Union will soon lift the Berlin blockade. Although there has been little or no concrete evidence to support such rumors, it must seem self-evident to the Kremlin that if the USSR is to regain the initiative and if the Soviet campaign for "German unity" is to have any appreciable success among the German people, the Berlin blockade will have to be lifted. Any such Soviet offer, if made now, would certainly be part of an over-all "peace offer" and probably would be made in such a way as to camouflage the Soviet defeat on the blockade. The current Paris "peace congress" would seem to provide an ideal setting for such a Soviet offer, but there is no evidence that Soviet strategy has changed enough to permit an offer on Germany actually acceptable to the western powers.

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SATELLITE COMMUNIST PURGES

The recent purges of high-level Communist officials in Bulgaria indicate that Kremlin efforts to establish reliable Communist leadership in the Satellites are meeting with increasing difficulties. In attempting to eradicate Satellite "nationalism," the Kremlin is confronted with two almost equally unpleasant alternatives, neither of which can be wholly successful. If the USSR continues its liquidation of old-line Satellite Communists, the morale and cohesion of the local Communist parties, as well as their control over the Eastern European countries, may be jeopardized. If the Kremlin chooses the other alternative and relaxes its control over the Satellite governments and Party leaders, it runs the risk of further defections like Tito's. Neither course of action will make it any easier for Satellite Communists to perform the nearly impossible task of justifying Moscow's ruthless exploitation of Eastern European resources or increase Satellite dependability in the event of hostilities.

Since Tito's defection last summer, purges of high-level Communist personnel have occurred in Poland, Albania, guerrilla Greece, and, most recently, in Bulgaria. Meanwhile, recurring reports from practically all of the Satellites also indicate continued nationalist dissensions within the ranks of the various Communist parties. In many instances, reports regarding as yet unpurged nationalist leaders within the Satellite parties reveal that the existence of these schisms is common knowledge. The "deviationists" are usually officials connected with economic planning who can see most clearly the pattern of Moscow's ruthless exploitation of the Satellites. In the face of resurgent nationalism among the Satellites and increasing prosperity in Western Europe, the

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Kremlin cannot afford the risk of relaxing its grip over the Communist parties in Eastern Europe. Thus, the Kremlin will probably be forced to use even more brutal state-police methods in retaining and consolidating its control over the Satellites, even though such methods are not a basic cure for nationalist deviation.

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131. Weekly Summary Excerpt, 29 April 1949, Soviet Propaganda on Gains in Far East;
Soviet Union: Israeli Relations

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Soviet Propaganda In a further effort to counteract the effect of the Atlantic Pact and growing political and economic unity in Western Europe, the USSR is placing greater propaganda emphasis on Communist gains in the Far East. By stressing that the Communist victories in China will result in important changes in the world balance-of-power, the USSR hopes to: (1) convince audiences at home and in the colonial areas that Soviet power is invincible; and (2) undermine western confidence in the ability of the West to prevent further Soviet expansion. With fewer opportunities in Europe for propaganda exploitation, the USSR will probably devote its propaganda efforts more and more to the Far East and colonial areas. As part of this new emphasis, Soviet propaganda will portray the USSR as the exclusive champion of independence for the countries of southeast Asia and of industrialization of all backward areas. Simultaneously, Soviet propaganda will accuse the western powers of advocating the perpetuation of agricultural economies in Asia and will portray the Truman point-four program as a device to exploit the backward areas of the world and to keep them at the mercy of the industrial West.

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EASTERN EUROPE

SOVIET UNION

Israeli Relations Increasing Communist attacks on Zionism and the Israeli Government, although placing a strain on Israeli-Soviet relations, are unlikely to change either the Kremlin's external policy toward Israel or Israel's generally neutral position between East and West. In recent months, the Communist parties in the Soviet orbit, the US, and even in Israel have reverted to traditional Communist opposition to Zionist nationalism, and Soviet propaganda has begun to condemn the "bourgeois" nature of the new Israeli Government. The Satellite states, apparently reluctant to lose large segments of their skilled and educated citizens, have drastically reduced emigration to Israel, thereby discouraging Israeli hopes of fulfilling its immigration requirements. Within the Soviet Union, the current anti-Jewish campaign seems to have been inspired in part by the growth of pro-Zionist sentiment among Soviet Jews after Israel's emergence as an independent state. These attacks, however, rather than representing a fundamental change in Kremlin external policy toward Israel, appear to stem primarily from internal Soviet considerations. For, so long as support of Israel will serve to weaken US-UK influence in the Near East, the USSR will continue to aid Israel on a diplomatic level and in the UN. Nonetheless, because Zionism is basically incompatible with Communism and any non-Communist government is automatically suspect, the USSR feels forced to attack the present Israeli Government and to eliminate all Zionist influence within the Soviet orbit.

- 9 -

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132. ORE 46-49 Excerpt, 3 May 1949, The Possibility of Direct Soviet Military Action During 1949

ORE 46-49

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THE POSSIBILITY OF DIRECT SOVIET MILITARY ACTION DURING 1949

Report of a Joint Ad Hoc Committee *

THE PROBLEM

1. We have been directed to estimate the likelihood of a Soviet resort to direct military action during 1949.

DISCUSSION

2. Our conclusions are based on considerations discussed in the Enclosure.

CONCLUSIONS

3. The USSR has an overwhelming preponderance of immediately available military power on the Eurasian continent and a consequent capability of resorting to direct military action at any time. The principal deterrent to such action is the superior war-making potential of the United States.

4. There is no conclusive factual evidence of Soviet preparation for direct military aggression during 1949.

5. A deliberate Soviet resort to direct military action against the West during 1949 is improbable. Moreover, the USSR is likely to exercise some care to avoid an unintended outbreak of hostilities with the United States.

6. As part of its efforts to counteract the Atlantic Pact and US military aid program, however, the USSR will seek to intensify and exploit the universal fear of a new war. In this it will pay special attention to Scandinavia, Yugoslavia, and Iran. It is unlikely, however, to resort to even localized direct military action.

7. The fact remains that international tension has increased during 1948. It will probably increase further during 1949. In these circumstances, the danger of an unintended outbreak of hostilities through miscalculation on either side must be considered to have increased.**

* This estimate was prepared by a Joint Ad Hoc Committee composed of designated representatives of the CIA and of the intelligence organizations of the Departments of State, the Army, the Navy, and the Air Force. It has been concurred in by the Directors of those agencies, except as indicated in the footnote below. The date of the estimate is 21 April 1949.

** The Director of Intelligence, Department of the Army, believes that the last sentence of paragraph 7 implies a greater possibility of war in 1949 than, in fact, exists; and that it should read "In these circumstances, the small but continuing danger of an unintended outbreak of hostilities through miscalculation on either side must be considered."

133. Daily Summary Excerpt, 6 May 1949, USSR Reportedly Planning Action Against Iran

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6 MAY 1949

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GENERAL

NO. 628

1. USSR reportedly planning action against Iran--US Ambassador Wiley transmits information, which is unconfirmed but from a good source, that the USSR plans an "important action" against Iran on 10 May. According to Wiley's information, Soviet intentions "exceed a mere frontier incident but are short of a warlike move." Wiley's informant mentioned the possibility of a movement affecting the Kurds.

S-75

(CIA Comment: CIA does not believe that the USSR contemplates a military invasion of Iran at this time. The USSR, however, may plan to stir up trouble not only among the Kurds in Iran but also among those in northern Iraq and Syria. The Kremlin may also plan to use members of the former autonomous government of Iranian Azerbaijan to create disturbances. Iran would be able to cope with such disorders, unless the insurgents are provided with strong overt support from the USSR.)

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E A S T E R N E U R O P E

SOVIET UNION

German Objectives Soviet agreement to lift the Berlin blockade and enter into four-power discussions on Germany does not represent any change in the Soviet objective to establish a Germany which will eventually fall under Soviet domination. It is still too early, however, to predict the sincerity of the Soviet desire to achieve an understanding with the West on Germany or the extent of the concessions the USSR would make in order to reach an agreement. The lifting of the blockade has been accompanied by a relaxation of Soviet pressure throughout the western periphery of the Soviet orbit and by an intensification of the Soviet propaganda "peace" campaign. On the other hand, May Day Communist propaganda savagely attacked the western powers, recent Communist statements have called for active preparation for militant action, and steps are still being taken toward the establishment of an East German state. Progress of the CFM alone, therefore, will demonstrate whether the USSR: (1) has agreed to enter into four-power discussions to sound out the western position and retrieve itself from the unfavorable situation created by the Berlin blockade; or (2) now considers it a sounder strategy to seek a "neutral" Germany in order to delay the final consolidation of the West German state and give the USSR some voice in all Germany.

CFM Proposals Initial Soviet proposals at the forthcoming CFM will be designed to appeal strongly to an increasingly articulate German nationalism. After attempting to secure a commitment on postponing the West German state, the USSR will probably propose a general settlement for all Germany based on a return to four-power cooperation and the Yalta and Potsdam agreements. The Soviet terms

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SOVIET UNION

will include the principal demands of the 1948 Warsaw communique which advocated: (1) establishment of a centralized government for all Germany; (2) conclusion of a peace treaty and withdrawal of occupation troops within one year; and (3) control over Ruhr production and distribution by the US, the USSR, the UK, and France. Depending primarily upon the intensity of the Soviet desire to obtain the withdrawal of US troops from Europe, the USSR may later in the negotiations seek a "compromise" agreement. Such a compromise might involve the acceptance of a federal government composed of the East and West German zonal organizations. The USSR would insist, however, that such a federation be established in a manner which, in addition to not threatening Soviet political and economic control in East Germany, would provide for sufficient Soviet influence in West Germany to offer reasonable prospects for subsequently establishing a centralized Germany not wholly western-oriented and susceptible to eventual Soviet domination.

East German State Despite Soviet agreement to resume discussions on Germany, the USSR is continuing its preparations for establishing an East German state. The executive agencies of the East German government have long been in operation, and elections for the Peoples' Congress in mid-May will provide a pseudo-democratic legislative body capable of functioning as a parliament. In addition to being a significant step toward the Soviet aim of eventual economic integration of East Germany with Poland and Czechoslovakia, the recently announced East German-Polish trade agreement (which is aimed at increasing 1949 trade between East Germany and Poland to \$152 million or doubling the volume of goods exchanged by the two countries during 1948) is another move toward the formalization of an East German

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SOVIET UNION

government. The trade agreement was negotiated by the East German authorities, thus reflecting the Soviet policy of continuing to grant more governmental authority to the East German economic administration, with the possible idea of eventually making the East German regime a full member of the Council of Economic Mutual Assistance. These Soviet actions are designed to build up the status and importance of the local administrative agencies in the eastern zone of Germany and can be used by the USSR both as a lever in negotiating with the western powers at the coming Council of Foreign Ministers and as a counter to the establishment of a West German state. In the event of an impasse in the CFM, the USSR will have the machinery necessary for the establishment of a Satellite regime in eastern Germany.

"Peace" Campaign Simultaneously with the lifting of the Berlin blockade, and in an apparent effort to forestall further western consolidation, the Kremlin is intensifying its "peace" campaign throughout the western periphery of the Soviet orbit. The Soviet bloc has again extended feelers toward accommodation with the West; it has at least tapered off its past intransigent attitude in numerous cases. Soviet bloc countries have recently made concerted attempts to expand trade with the West and seek western financial assistance in an effort to mitigate the unfavorable impact of western economic pressure. Hungarian officials have shown a markedly more friendly attitude toward the US Embassy in Hungary; Albania has granted diplomatic recognition to Italy; the Greek guerrillas have made a rather broad peace offer ostensibly intended to lay the groundwork for future negotiation of the Greek problem (see page 14); Soviet pressure on Iran has apparently tapered off, and the USSR has renewed its offer to discuss trade with that country; and Soviet

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SOVIET UNION

pressure on Scandinavia has markedly decreased in comparison with that of the past few months. These developments may be designed to lull western suspicion at the forthcoming CFM meeting. The course of quadripartite discussions on Germany will determine whether the USSR is merely waging another campaign in its "peace offensive," or whether the Kremlin is laying the groundwork for achieving a temporary accommodation with the West.

May Day Slogans The savagery with which the US was attacked in Moscow's May Day orders would seem to belie Soviet sincerity in re-opening discussions on Germany and in making overtures on other fronts. May Day propaganda, however, is designed for home consumption and for guidance to Communist parties throughout the world. In this context, the May Day slogans are a logical development of the Kremlin's principal psychological weapon--the peace campaign. For the faithful, the US must still be branded as the leading capitalist nation dedicated to the overthrow of the Soviet Union, while the common peace-loving masses throughout the world are pictured as sharing the Soviet desire for peace. Thus, the slogan that "the friendship between the peoples of the USSR, the US, and the UK forms the best guarantee for a lasting peace" is directed primarily toward driving a wedge between these peace-loving masses and their war-mongering governments.

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GENERAL

1. Continued Soviet restrictions on Berlin--US Representative Riddleberger in Berlin reports, in reviewing the present status of Soviet restrictions on transport, trade, and communications between Berlin and the western zones, that "Berlin remains today in a state of semi-blockade." According to Riddleberger, the USSR may be having "second thoughts" on lifting the blockade because the Soviet action has failed to: (a) retard progress toward the establishment of a west German government; (b) produce a "crack" in over-all western trade policy vis-a-vis the Soviet bloc; or (c) release a flow of western zone goods essential to the Soviet Zone and to the continuation of the Soviet reparations policy. Riddleberger therefore raises the possibility that the USSR may have intended to lift the blockade only enough to permit reconvening the CFM while simultaneously retaining a favorable bargaining position in the event that no over-all settlement on Germany is reached and it later becomes necessary to negotiate some provisional arrangement for Berlin. Riddleberger believes, in view of continued Soviet restrictions on Berlin trade, that the Department of State should decide whether Soviet implementation of the Jessup-Malik agreement has been sufficient to warrant the convening of the CFM.

CIA-5

(CIA Comment: CIA agrees that the USSR may be attempting to preserve the most favorable position possible in the event of a breakdown of the CFM negotiations. CIA further believes that the USSR will attempt at Paris to exploit certain remaining transport restrictions in bargaining on the over-all problem of German trade and its relation to western export policy. CIA believes, however, that the Kremlin's strong desire to hold the CFM meeting would impel the USSR to modify its restrictions on Berlin trade if confronted by a western refusal to convene the CFM under present conditions.)

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Document No. 043

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FRENCH MILITARY PLANS IN INDOCHINA

French plans to shift both manpower and materiel from their forces in French-occupied Germany and North Africa for an autumn military campaign against Communist-led rebels in north Indochina materially affect the strategic interests of the US in both the Western European and Far East theatres. In addition to reducing the defense potential of Western Union by shipping arms and equipment from French-occupied western Germany, the French action may impair the prestige of the US in the Far East because the French forces will be using US-made and US-supplied arms and equipment. Moreover, the expenditure of French resources for the military operations in Indochina reduces the effectiveness of aid received under the European recovery program and delays the economic recovery of France.

The French, who have been attempting to suppress a Communist-led insurrection in Indochina since 1945, maintain that complete control of the China-Indochina border is necessary to keep the Chinese Communists from providing both men and materiel to the rebels or from evading Indochina. The French also point out that a stabilization of their position in Indochina is essential if Southeast Asia is to be made secure against the menace of Communism. As another part of their program to re-establish control throughout Indochina, the French recently signed an agreement with Bao Dai, former emperor of one of the Indochinese states, granting him authority to establish an "independent" government for Indochina within the French Union. Bao Dai will probably announce the formation of his government within the next two weeks, and the French hope that he will gain the support of the

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non-Communist followers in the rebel group. The French are convinced, however, that substantial military success against the resistance movement is necessary to Bao Dai's initial political success. In formulating their plans for Indochina, both Bao Dai and the French envisage public support from the US and military aid, which they have already indirectly requested. US compliance with these requests would provide the Far East Communist propagandists with another opportunity to charge that the US is supporting reactionary colonial powers against the interests of the Asian peoples.

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PROBABLE DEVELOPMENTS IN CHINA

SUMMARY

Introductory Note: The purpose of the following discussion is to present probable developments in China which will affect US interests during the next six to twelve months.

1. Communist military forces are capable during the summer months of 1949 of destroying all semblance of unity in the National Government of China; and before the year is out, the Communists will have formed a central government which will seek international recognition.

2. The US cannot reverse or significantly check this course of events, nor is there any prospect that the Soviet orientation of the Chinese Communists can be altered in the immediate future. However, during the coming months, developments in China will raise a number of problems on which the US may either take action advancing, or avoid action compromising, its interests in China and elsewhere. Chief among these are the formation of a Communist central government claiming international recognition, Communist aims regarding Taiwan and Hong Kong, the Communist need for foreign trade, and US aid to anti-Communist groups in China. In addition, US interests probably will be affected adversely by the expansion of Communist influence throughout the Far East, particularly if a Chinese Communist regime gains seats on the Far Eastern Commission and the Allied Council for Japan, and acquires China's claims regarding a future Japanese peace treaty.

3. The government to be organized by the Chinese Communists will be proclaimed as a "coalition," but actually will be a Communist dictatorship. In foreign affairs the Communists during the coming months will continue to be solidly aligned with the USSR. The new regime will honor the Sino-Soviet Treaty of 1945 and its attitude in international relations will be governed by the Moscow line. It will probably maintain an unfriendly attitude toward the US in particular and all other governments that impede the world Communist movement, as well as denounce China's existing international agreements with those governments.

4. Communist armed forces, now decisively superior to the Nationalists, will continue their program of area-by-area acquisition. They are capable of eliminating all effective military resistance in the south, southwest, and northwest by the end of 1950.

5. The Chinese Communists will probably not be faced with serious food shortages during the next year. Some progress will be made in reviving transportation and industry, and the Communists will have a relatively stable currency. The Communists' principal economic problem in the coming months will be that of acquiring petroleum, machinery, and perhaps cotton. There is little prospect of substantial Soviet aid, and domestic resources must be supplemented by these essential imports. Therefore, China's economic recovery during the next year will probably depend on active Western trade and close ties with occupied Japan.

Note: The intelligence organizations of the Departments of Army, Navy, and the Air Force have concurred in this report; for a dissent of the Intelligence Organization of the Department of State, see Enclosure A, p. 21. This report contains information available to CIA as of 2 June 1949.

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C H I N A

Soviet Orientation Meanwhile, Chinese Communist statements have been entirely in accord with orthodox Communist doctrine and the Party continues in its unwavering acknowledgement of Soviet leadership in the international Communist movement. Despite this orthodoxy, the Chinese Communists may erect a temporary facade of

- 9 -

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CHINA

friendly cooperation with the western powers in order to expedite trade and commerce essential to China. In fact, China's tremendous economic needs and the inability of the USSR to fill those needs offer the most likely prospect at present for the development of friction between the two nations.

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THE CFM MEETING

The recent meeting of the Council of Foreign Ministers, which made substantial progress on the Austrian treaty and agreed in principle on a modus vivendi for Germany, clearly revealed that the Kremlin does not yet believe that the unification of Germany would contribute to eventual Soviet control over Germany. The Kremlin is not ready to relax its grip on Berlin and east Germany and apparently believes that ultimate Soviet objectives can best be obtained by a slight relaxation in cold war tension and continuation of the partition of Germany.

The failure of Vishinsky to build up a consistent propaganda pattern at Paris, as well as his defensive attitude and apparent improvisation, suggests that some basic change took place in the Soviet attitude not long before the meeting. The rude jolt to the USSR from the May elections in the Soviet Zone Germany and continuing difficulties in maintaining Soviet control over the Satellites may have contributed to the Soviet decision to mark time on the German question. More fundamentally, however, the USSR may have estimated that a western economic recession is now approaching more rapidly than was previously believed and consequently that the future will provide more favorable opportunities for the attainment of Soviet objectives in Germany and Western Europe.

The Kremlin probably reasons that the western powers, particularly the US, will be in a weaker position in the event of a depression to oppose the USSR because: (1) an economy-minded US would be more reluctant to give adequate support to the European recovery program and the Military Aid Program; (2) economic difficulties would weaken US-British-French solidarity; (3) Western Europe would be increasingly reluctant to maintain trade restrictions against Eastern Europe; and (4) economic distress would make western Germany more receptive to Soviet overtures. With this in mind, the USSR apparently felt it necessary to preserve the status quo while making certain that the door remained open for future negotiations through the machinery of the CFM. A more truculent Soviet attitude at Paris might have increased western determination to re-arm and impelled western legislatures to continue their financial support of the "cold war" despite economic troubles at home.

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E A S T E R N E U R O P E

By means of purging "nationalists" in the Satellite Communist parties, a more aggressive campaign against the Catholic Church, and an intensification of its attacks upon Tito, the Kremlin is continuing its attempts to consolidate its position and control in the Satellite countries. The vigor and intensity of Soviet activity in the Satellite area reflects continuing Soviet concern over the ability of the local Communist regimes to serve Soviet interests. Confronted with growing economic recovery in Western Europe in comparison with economic hardship in the Satellites, a still-defiant Yugoslavia, and a more aggressively hostile Catholic Church, the Kremlin has apparently decided to take prompt and drastic steps toward eliminating the last vestiges of opposition in its uneasy Satellites.

Party Purges The vigorous efforts being made in Hungary and Bulgaria to eradicate "nationalist" deviationists indicate that the Kremlin has not yet solved the problem of "home-grown" Communism. In both countries, the ruling group of Moscow adherents is attacking a prominent nationalist Communist leader in order to make an example of him. Former Bulgarian economic czar Traicho Kostov and ex-Hungarian Foreign Minister Laszlo Rajk have already been expelled from the Communist Party. The Hungarian regime now seeks to destroy Rajk totally by levelling at him the sensational charge of espionage for the US, while the propaganda assault on Kostov, in which even the Cominform journal is being utilized, continues unabated. Both Kostov and Rajk had a substantial party following and had risen to power locally without direct Kremlin support. Their destruction will demoralize anti-Moscow Bulgarian and Hungarian Communists and forestall the rise of any

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Communists who might consider the national interest before that of the USSR.

Anti-Catholic Drive The Soviet Union's continuing drive against the Catholic Church is currently being focused on Czechoslovakia, where the probable imminent arrest of Archbishop Beran may follow the pattern established in the recent Mindszenty trial in Hungary. (In Poland the Communist Government is preparing cases against certain Catholic bishops for collaboration with the Nazis.) The Czechoslovak Government is publicly accusing Beran of political activity against the state and will probably arrest him soon on trumped-up charges of treason based upon evidence allegedly found in the Archbishop's personal files. Beran's arrest will immobilize the last effective anti-Communist force in Czechoslovakia. Meanwhile, Soviet determination to eradicate Catholic power and influence in the Satellites has been matched by the increasingly aggressive anti-Communist stand of the Vatican. Communist plans to establish national or Communist-manipulated churches have apparently caused the Vatican to abandon all hope of achieving a modus vivendi in the Satellites and instead to embark on a vigorous campaign to resist Communist anti-Catholic pressure. In addition to stepping up its radio propaganda designed to stiffen Catholic resistance in the Satellites, the Vatican has already meted out severe penalties of excommunication and suspension to Catholics in Hungary and Czechoslovakia who participate in the anti-Church campaign. In addition, the Church may soon issue a fundamental encyclical warning all Catholics in the Soviet orbit against cooperating with the Communists and appealing to the Christian world for aid and intervention. Despite these Vatican moves, however, the Communists retain a definite advantage in the struggle. Basing their strategy on cutting the ties

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binding local Catholic churches with Rome, on separating the Church hierarchy from the parish priests and the people, and on abolishing Catholic control over education, the Communist regimes have the means and determination eventually to destroy all effective Catholic resistance in the Satellites.

Polish Changes In tightening their grip on Poland, the pro-Moscow Communists have continued their slander campaign against the Catholic Church and are grooming Aleksander Zawadski, a faithful Moscow follower, for titular leadership in the Party. Since Gomulka was read out of the Party leadership about a year ago, Zawadski's ascent has been steady and rapid until now he appears to be the Number One prospect to serve as the Party's front man. Service with the Red army and as a political commissar in the Soviet-sponsored Polish Army corps, plus eleven years of political imprisonment, have made Zawadski a convinced and ruthless Communist and a logical Kremlin choice to head the Polish Communist Party and perhaps eventually the Polish Government.

Albanian Weakness The Soviet "penetrationists," who have assumed direct control of the Hoxha administration in Albania, are concentrating their main efforts toward stabilizing the regime on alleviating the nation's transportation difficulties. During 1949, Soviet railway technicians helped open a railroad running between the capitol at Tirana and the principal supply port at Durazzo. Despite the presence and activities of the Soviet representatives in Albania and other Soviet efforts to maintain this weak and distant Satellite outpost, Hoxha remains pessimistic about the future of both himself and his country. His pessimism is based upon: (1) Albania's basic poverty and lack of self-sufficiency; (2) the current hostility of the people toward his pro-Soviet regime; and (3) the isolation of Albania from the rest of the Soviet bloc.

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140. Intelligence Memorandum 202, 25 July 1949, Review of CIA Estimate ORE 60-48: Threats to the Security of the United States

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CENTRAL INTELLIGENCE AGENCY

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INTELLIGENCE MEMORANDUM NO. 202

25 July 1949

SUBJECT: Review of CIA Estimate ORE 60-48: Threats to the Security of the United States (Published 28 September 1948).

1. The threats to US security and the possibility of direct Soviet military action against the West have been under continuing review during the last few years. In ORE 60-48, dated 13 September 1948, entitled "Threats to the Security of the United States," it was estimated that within the next decade the USSR was unlikely deliberately to resort to war to gain its end unless it considered that it was in imminent danger of attack by the Western Powers. In ORE 46-49, dated 21 April 1949, entitled "Possibility of Direct Military Action during 1949," it was estimated that a deliberate Soviet resort to military action against the West in 1949 was improbable. It was pointed out in the latter study, however, that international tension had increased during 1948 and that it would probably increase further during 1949. In these circumstances it was estimated that the danger of an unintended outbreak of hostilities through miscalculation on either side must be considered to have increased.

2. A review of developments since publication of ORE 46-49, lends further confirmation to the basic estimate that the USSR is unlikely

Note: This memorandum is in process of coordination with the intelligence organizations of the Departments of State, Army, Navy, and the Air Force.

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Date: 16/4/77 by: 021

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deliberately to resort to direct military action during the next decade and to the specific estimate that a resort to military action during 1949 is improbable. These developments likewise point to a substantial reduction in the danger of an unintended outbreak of hostilities through miscalculation on either side. The most significant may be noted as follows:

a. The USSR accepted the signing of the Atlantic Pact without the threatening moves against Finland, Scandinavia, Yugoslavia, and Iran, which were considered possible.

b. International tension has been substantially reduced by Soviet initiative in proposing to lift the Berlin Blockade in consideration of a reconvening of the Council of Foreign Ministers. The USSR has likewise indicated a desire to increase East-West trade and to continue discussions on a Four-Power basis in further meetings of the CFM.

c. The increasing evidences of nationalist "deviationism" and economic difficulties in the satellite states bring into sharp relief the basic weaknesses in the position of the USSR and the need for a protracted period of peace in order to consolidate its position within its own sphere.

d. The unexpectedly rapid rise of a strong Communist State in China offers the USSR, on the one hand, the opportunity of quickly expanding its influence by peaceful means in Asia and, on the other, confronts it with the delicate problem of attempting to bring the new Communist regime into the framework of an international dictatorship directed from Moscow. A deliberate resort to military action to attain its objectives in Western

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Europe might adversely affect these favorable prospects of attaining Soviet objectives in the Far East by peaceful means.

e. The development of the economic recession in the US and the dollar crisis in the UK appears to have confirmed the USSR in its belief that a general economic crisis in the capitalist world is at hand. Under these circumstances the USSR undoubtedly anticipates that US support of Western Europe will be substantially weakened, that Western unity will be disrupted by conflicting economic interests and that, as a result, opportunities will open up for the attainment of Soviet objectives without resort to military action.

3. It is concluded, therefore, that the danger of war as the result of deliberate Soviet military action or of miscalculations on the part of either side will be less during the next year or two than at any time in recent years. However, if economic conditions deteriorate, particularly in Japan or Germany, it is possible that Communist exploitation of these difficulties might create local disturbances that would increase the internal security problem of US occupation forces.

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NATIONALISM IN THE SATELLITES

Although the widespread purges of Satellite Communist parties during the past year were motivated largely by the Kremlin's desire to crush a rising "nationalistic" sentiment, there remains little likelihood that resurgent nationalism will lead any of the Satellites to emulate Tito's nationalist revolt in the near future. In this eastern European nationalism, however, the Kremlin faces an elusive opponent which grows in proportion to the Kremlin's efforts to destroy it. Many of the rank and file Satellite Party members who have adopted the economic and social theories of Communism are becoming increasingly restive under Soviet exploitation of their nations. This feeling, which is also nurtured by a long tradition of anti-Russianism, will undoubtedly have continuing though ineffective repercussions within the various Satellite Communist hierarchies as Party leaders continue to be faced with the choice of supporting their own national interests or accepting mounting exploitation by the Kremlin.

At the present time, however, Satellite "nationalism," both within and outside the Communist parties, is an undisciplined and leaderless force which the Kremlin is fully capable of controlling. Moreover, growing numbers of thoroughly loyal Kremlin followers being installed in power in the Satellites are consolidating their control of the Satellite security forces through a combination of blind loyalty, intensive espionage, and ruthless terror. Nationalist Communists who have succeeded in reaching positions of authority either have been, or are being, eliminated. The Kremlin's successful ouster, without overt repercussions, of such popular Communist leaders as Gomulka (Poland), Rajk (Hungary), and Kostov (Bulgaria) is sufficient warning to other Satellite leaders with "nationalistic" tendencies.

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In Poland, where nationalism is probably as strongly ingrained in the Communists as anywhere in eastern Europe, tight Kremlin controls and the Soviet occupation troops render any "anti-nationalist" coup within the Party highly improbable at this time. The least secure sector of the Soviet power position in eastern Europe is located in isolated and tiny Albania, but even there the USSR has been making strenuous efforts to maintain an unpopular pro-Soviet group in power through repeated purges of "nationalist" elements. In Bulgaria and Hungary, effective nationalist opposition has been eliminated for the present as a result of the recent dismissal and disgrace of Bulgarian economic czar Kostov and Hungarian Foreign Minister Rajk. Czechoslovakia remains the only Satellite where the Communist Party has not been publicly purged during the last year of "nationalist" tendencies and elements.

- 15 -

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142. Daily Summary Excerpt, 22 August 1949, Soviet Military Move Against Tito Held Unlikely

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22 AUG 1949

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1071

GENERAL

1. Soviet military move against Tito held unlikely--US Ambassador Kirk reports that foreign diplomatic observers in Moscow continue to discount the probability of direct Soviet action against Tito at this time despite the ominous tone of the latest Soviet note to Yugoslavia. According to Kirk, the US Embassy is in general agreement with the view of most observers that the Kremlin is counting on the liquidation of Tito as a consequence of the serious Yugoslav economic situation and a Soviet "war of nerves" accompanied by harassing measures short of hostilities.

CIA-5
CIA-5

US Embassy Belgrade reports, concerning current rumors of Soviet troop movements along the Yugoslav border, that although the Yugoslav Government is believed fully aware of such rumors, there is no evidence that new security measures are being taken.

(CIA Comment: CIA agrees that overt Soviet military action against Yugoslavia remains doubtful. CIA considers the rumors from Hungary and Rumania regarding Soviet troops movements along the Yugoslav border to be a part of the Soviet "war of nerves" rather than an indication of imminent military action by the USSR.)

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S E C R E T

INDOCHINA

Ho's Defiance Recent defiant statements by Ho Chi Minh's resistance government in Indochina have virtually eliminated the prospect of Ho's agreeing to a compromise settlement for "independence" within the framework of the French Union. The Ho regime has flatly denied that Bao Dai has won more concessions for Vietnam than were embodied in earlier agreements between Ho and the French. Moreover, the Ho regime is demanding unqualified independence for Indochina, offering no concessions to the French and demanding none. Meanwhile, Ho's relationship with the Kremlin and the Chinese Communists remains obscure. His present defiant stand was at least in part the result of his encouragement over Communist victories in China, and Ho has stated his willingness to accept military equipment from the Chinese Communists. On the other hand, Ho still maintains that neutrality between the US and the USSR is both possible and desirable, and his repudiation of the French Union is inconsistent with recent pleas by Radio Moscow for Franco-Vietnamese conciliation within the Union.

- 10 -

S E C R E T

144. Weekly Summary Excerpt, 23 September 1949, Eastern Europe: Communist Deviation; Hungary: Treason Trial

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E A S T E R N E U R O P E

Communist Deviation Within recent weeks, the dis-integrating effect on international Communism of Tito's defection from the Soviet orbit has become increasingly apparent and could eventually result in the formation of a Tito supported, anti-Stalinist Communist movement. In France, Germany, and Italy, Communists supporting Tito have defied the Party, and there are increasing indications that groups as yet unorganized have rallied to his support even in the Satellites. At some future time, these dissidents who opposed Soviet Communism both before and after the Tito-Kremlin rift may unite to form an organization which would seriously challenge the Soviet position as the leading Communist state and as the sole interpreter of Communist doctrine. A necessary premise to amalgamation of these dissident Communist groups is the need to abandon the many sharply divergent interpretations of the Marxist-Leninist doctrine. If a dispute on these divergent views could be postponed temporarily, a Communist movement, not oriented toward Moscow and without prejudice to national sovereignty, might develop that would carry considerably more appeal and influence, especially in non-Communist countries, than Stalinism. In the Satellites, the USSR has already felt it necessary to take stringent measures against nationalist deviation. Tito would undoubtedly sympathize with any such anti-Stalinist defection, but he is not likely to give his overt support to it at this time. If, however, an independent Communist movement gains momentum, he might well aspire to become its rallying point.

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HUNGARY

Treason Trial The current trial in Budapest involving ex-Minister of Interior Laszlo Rajk and other disaffected Communists differs in one important respect from the numerous postwar treason trials in the Satellites. Until now, the arch-enemy, has been the "imperialist" West. In the current trial, Tito has replaced the West as the principal villain. Although the trial is thus another weapon being used by the Kremlin in the war of nerves against Yugoslavia, it is designed primarily to unify the Party by eliminating a dangerous deviationist group and to demonstrate to Communists throughout the Soviet orbit the futility of defying the USSR. That the Kremlin feels it necessary to stage the trial at this time, however, indicates both the strength of anti-Moscow feeling among Satellite Communists and the need for continuing drastic measures by the USSR to keep its Satellite parties in line.

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SOVIET UNION

Atomic Explosion With the announcement of an atomic explosion in the USSR, Soviet capabilities for fighting the cold war have been increased. No immediate change in Soviet policy or tactics is expected. In fact, the improvement in the Soviet power position resulting from possession of the atomic bomb makes it less likely that the USSR will relax its intransigence in East-West negotiations. Moreover, the USSR can use the new situation to advantage as additional support for nearly all the major policy lines it has followed since the end of World War II.

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SOVIET UNION

In its continuing efforts to check growing Western European economic and military unity, the USSR will now exploit the world-wide fear of an atomic war. In this respect, the USSR has seriously weakened the psychological advantage until now held by the US as a result of monopoly of atomic weapons, particularly since the announcement was made before the US had succeeded in building a strong political, economic, and military bulwark against Soviet expansion.

Meanwhile, the USSR may find it easier to gain support for a UN compromise between the US and Soviet positions on control of atomic energy. The Soviet stand, calling for destruction of atomic weapons before international controls are imposed, will have greater propaganda effect inasmuch as Soviet spokesmen can now assert that Soviet atomic weapons will also be destroyed. The USSR will not relax its opposition to effective international control of atomic energy but, in view of the advantages accruing to the USSR from an international convention outlawing atomic weapons, will probably increase its efforts to compromise the US atomic energy position.

Lastly, Soviet possession of the atomic weapon will greatly strengthen the current Soviet "peace offensive." It will enable Communist front organizations to point to the willingness of the USSR to destroy all atomic weapons and to stress the greater urgency for acceptance of the Soviet proposal for a five-power peace pact.

- 6 -

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146. Daily Summary Excerpt, 6 October 1949, Molotov Reported Handling Soviet Internal Problems

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6 OCT 1949

1109

GENERAL

- 1. Molotov reported handling Soviet internal problems--
According to US Ambassador Jessup at the UN, Soviet Foreign Minister Vishinsky told British Foreign Secretary Bevin, in response to his query concerning the health of ex-Foreign Minister Molotov, that Molotov is now concerned solely with economic-financial problems and the rehabilitation of the Soviet economy.

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(CIA Comment: Confirmation of this report that Stalin's right-hand man is engaged solely with internal problems would point to an increased Soviet emphasis upon dealing with domestic and Satellite difficulties springing from Tito's defection and the present adverse position of the USSR in the cold war.)

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Date: 15 MAR 1978 By: 023

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WESTERN EUROPE

GERMANY

East Zone Government Formation on 7 October of the Soviet-sponsored German Democratic Republic in East Germany is a logical Soviet reaction to developments in West Germany and represents a Soviet effort to regain the initiative in Germany. The new regime, by claiming sovereignty over all Germany, will enable the USSR to counter the attraction of the Bonn Government as the focal point of German unity. Moreover, establishment of the new regime with its capital in Berlin may result in increased Soviet pressure for the withdrawal of the western powers from Berlin. In an attempt to obtain the maximum political advantages from the East German state, the USSR will grant the new regime the appearance of greater independence than the West German Government through such propaganda devices as promises of early troop withdrawal, a separate peace treaty, and diplomatic recognition by the USSR and the Satellites. It is unlikely, however, that the USSR will risk early withdrawal of its troops from the Soviet Zone. Moreover, the Kremlin is unlikely to propose seriously a merger of the East and West governments until the Soviet position throughout Germany is considerably stronger.

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148. Intelligence Memorandum 248 Excerpt, 7 November 1949, Satellite Relations With the USSR and the West

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CENTRAL INTELLIGENCE AGENCY

7 November 1949

INTELLIGENCE MEMORANDUM NO. 248

SUBJECT: Satellite Relations with the USSR and the West

Summary.

The separation of any Cominform Satellite from the Soviet orbit is unlikely under current conditions. Circumstances comparable to those which enabled Tito successfully to challenge Soviet domination in Yugoslavia do not exist in the other Satellites. By the drastic remedial measures to which it has resorted, the Kremlin has indicated its awareness of the grave dangers to its control of Eastern Europe inherent in satellite nationalism.

The Cominform Satellites can be expected to maintain a basically antagonistic policy toward the US reflecting that of the Soviet Union. Any relaxation of satellite antagonism toward the US would be a temporary tactic motivated by opportunistic considerations.

The current shift in the Yugoslav attitude toward the US is based on motives of self-preservation before the mounting pressure from the Soviet bloc. However, the continued dependence of Yugoslavia on US support

Note: This memorandum has not been coordinated with the intelligence organizations of the Departments of State, Army, Navy, and the Air Force.

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against the Soviet Union will probably result in a gradually improved Yugoslav attitude toward the US.

Approximately 90 percent of the populations within the Satellites are hostile to the Communist regimes imposed on them. Although opposition elements in the various Satellites constitute a majority of the population, Communist measures aimed at separating them and destroying their organization and leadership, render such elements ineffective as opponents to Communist domination of Eastern Europe.

Local Communist control over the satellite peoples is exercised through the traditional Communist instruments which include the Party, security organs, and the armed forces. In addition, subsidiary political, cultural, and economic organizations are used to disseminate Communist influence.

The presence or availability of Soviet military might in the Satellites constitutes the most potent factor in maintaining the Communist regimes in power. The various Communist parties under the immediate direction and control of reliable Soviet agents, form the chief vehicles by which the sovietization of Eastern Europe is being carried out. The entire political, military, and economic life of the Satellites is being geared to the implementation of Soviet aims under a tight Kremlin control. In some instances, the Soviet Embassy itself serves as the main command channel between the Kremlin and the satellite governments; in others, trusted local Communists have direct access to Moscow.

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The USSR has already attained a high degree of economic control over the Satellites. One of the major points of Soviet vulnerability, however, is the subordination of satellite economic welfare to Soviet interest. Considerable popular resentment, even in Communist circles, has resulted from the forceful transformation of the economic structure of Eastern Europe, the lowered standard of living, and the failure of the USSR to meet the industrial requirements of the Satellites. Thus far, however, Soviet political and economic control has been sufficient to prevent effective nationalist deviation from Kremlin authority. Meanwhile, the US export control program has contributed substantially to slowing the rate of economic development in the Satellites and has added to the strain in present Soviet-Satellite relations.

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SOVIET UNION

Malenkov Speech In a speech more bellicose and boastful than the 1948 address, Politburo-member Malenkov keynoted the thirty-second anniversary of the Bolshevik Revolution with a repetition of the well-worn Soviet propaganda line. Although Malenkov's speech indicated that the Kremlin to a greater extent than ever before considers the US its principal enemy, there was no hint of a change in Soviet cold war tactics or of the abandonment of well-tested Soviet subversive methods for the achievement of economic and political goals. With regard to Germany, Malenkov's remarks implied a continuing Soviet desire for a unified Germany under Communist control and emphasized that such a solution was vital to the preservation of world peace. The Communist regime in China was referred to almost deferentially, much as a junior partner rather than a Satellite, and by linking India with China as a decisive factor in the East-West struggle, Malenkov also implied that China was a springboard rather than a resting point for Soviet expansion in the Far East. Malenkov's exaggerated assertions of internal economic achievements are intended to conceal the inadequacies of the current five-year plan and prepare the way for its abandonment in January 1950 in favor of a "master" plan for the entire orbit under the direction of the Council for Economic Mutual Assistance. Delivery of this important address by Malenkov clearly established him as the number three man in the Soviet hierarchy, ranking behind only Stalin and Molotov.

- 6 -

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29 NOV 1949

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1153

GENERAL

1. Soviet attack "reported" for 1950--The US Consul in Bremen transmits a report from an "old and reliable" contact residing in western Berlin that "war is expected in the spring of 1950." Source asserts that a Soviet army of 600,000 is on the new Polish border, that the USSR is operating two former German rocket bases, and that these rockets have a range of 4800 kilometers (approximately 3,000 miles). The Consul comments that "source is in touch with intimates of Minister President Grotewohl"; he further comments that the foregoing is believed to be a reliable report concerning information which the USSR is now furnishing top officials of the East German Government.

CIA-5

(CIA Comment: CIA estimates that such an attack by the USSR in the spring of 1950 is improbable. This report probably represents an extension of the Soviet propaganda line designed to rally East Germans behind the Soviet puppet government and to frighten those elements of the German population which are supporting the West.)

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151. Daily Summary Excerpt, 5 December 1949, Comments on Soviet Plans Against Tito

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5 DEC 1949

1158

GENERAL

1. Comments on Soviet plans against Tito--In discussing the possibility of Soviet armed action to liquidate Tito, US Embassy Belgrade expresses the opinion that the Kremlin will not "move openly" with military forces against Tito until convinced that his liquidation is absolutely essential. The Embassy adds that if Tito's heretical influence can be weakened or if he can be "ideologically sealed off" the Kremlin may feel that the risk of resorting to arms would not be justified. The Embassy does not believe that Soviet attempts to establish Tito as a "Fascist spy" will be successful in eliminating the dangers to the Soviet system inherent in Titoism; the Embassy points out, however, that the Kremlin "might well feel otherwise."

TS/s

(CIA Comment: CIA believes that although the Kremlin continues to be fully aware of the danger of Titoism, full scale military operations against Tito would not be undertaken unless the Kremlin is convinced that the US would not intervene militarily.)

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NEAR EAST - AFRICA

PALESTINE

Soviet Policy In openly supporting the internationalization of Jerusalem, the USSR has once again demonstrated its desire to gain a voice in Near Eastern affairs and to foster dissension and unrest in the area and has highlighted the deterioration of Soviet-Israeli relations. The USSR probably supports internationalization, not only for the opportunity it affords for a direct Soviet voice in the administration of Jerusalem but in the hope that the plan will prove unworkable and thus give rise to irridentist agitation and political instability. Although the USSR has abandoned its support for Israel on this issue, basic Soviet objectives remain unchanged: namely, to reduce Anglo-American influence, promote disunity in the Near East, and foster political and economic instability. Thus, in pursuance of these aims, the USSR at first supported Israel. With the gradual strengthening of US-Israeli ties, the USSR has reduced its support and is again laying emphasis on its basic anti-Zionist policy. Similarly, Soviet support for a separate Arab state in Palestine is designed primarily to weaken UK-supported Jordan and to increase fragmentation in the Arab world.

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14 DEC 1949

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GENERAL

1. Estimate of Soviet position in Europe--US Ambassador Kirk in Moscow suggests that the Kremlin's year-end estimate of the European scene is probably characterized by: (a) satisfaction in general regarding Satellite control and evolution; (b) continuing anger and concern over Tito, tempered by the belief that incipient Titoism is being effectively suppressed in the remaining Satellites; and (c) real hopes for eventual advances in Germany and Western Europe. Kirk points out that although the Kremlin is aware of increased western integration and the loss of Communist control of world labor, the Kremlin nevertheless may expect these western gains to be wiped out eventually by the "deepening economic crisis" and "contradictions" between the western powers. The Ambassador concludes that Moscow may again, as in 1947, be considerably over-estimating Soviet prospects outside the Iron Curtain in Europe.

(CIA Comment: CIA believes that despite the Kremlin's optimistic expectations for an eventual western economic crisis and increasing disunity among the western powers, the Kremlin probably recognizes that the USSR has suffered a temporary setback in Europe caused by: (a) military, economic, and political measures undertaken by the western powers; (b) the problems arising from Tito's deviations; and (c) reduced effectiveness of Communist parties in Western European nations.)

- 1 -

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154. Daily Summary Excerpt, 4 January 1950, Implications of Mao's Prolonged Stay in Moscow

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4 JAN 1950

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1180

GENERAL

CIA - CONF

1. Implications of Mao's prolonged stay in Moscow--
 Commenting on the recent statement by Chinese Communist leader Mao Tse-tung that he expected to remain in the USSR for "several weeks," US Embassy Moscow considers it odd that Mao would absent himself from China for an extended period at this critical time. The Embassy cites previous reports of the "nationalistic" flavor of Mao's leadership and suggests that: (a) Mao's return to Peiping is being delayed by failure to reach agreement in negotiations with the USSR; and (b) strongly pro-Kremlin elements in the Chinese Communist Party may be expected to take advantage of Mao's absence to strengthen their position at the expense of the "nationalistic" faction in the Party.

(CIA Comment: CIA believes that Mao's return to China may be delayed by an inability to reach agreement on certain provisions of a revised Sino-Soviet treaty. CIA has no evidence, however, that Mao is out of favor with the Kremlin or that an anti-Mao coup is being planned in China.)

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 Date: 4 Apr 77

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155. Weekly Summary Excerpt, 13 January 1950, Far East: Soviet Relations; Korea: Troop Buildup

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F A R E A S T

Soviet Relations Mao Tse-tung's protracted stay in Moscow has aroused speculation regarding a deterioration in Sino-Soviet relations and Chinese Communist resistance to Soviet encroachment. Although the length of Mao's visit may be the result of difficulties in reaching agreement on a revised Sino-Soviet treaty, the treaty will probably

- 8 -

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CHINA

be signed this month and it is unlikely that Mao is proving dangerously intractable. Mao is a genuine and orthodox Stalinist, is in firm control of the Chinese Communist Party, and is recognized as its head by all Party leaders and by the Chinese people generally. There is no evidence that any Communist faction is strong enough to succeed in an anti-Mao coup or that the USSR would be so rash as to replace Mao at this time. The Kremlin probably realizes that for some time its position in China will be best served by retaining the voluntary cooperation of the Chinese Communists rather than by using open or implied coercion.

- 9 -

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KOREA

Troop Build Up The continuing southward movement of the expanding Korean People's Army toward the thirty-eighth parallel probably constitutes a defensive measure to offset the growing strength of the offensively minded South Korean Army. The influx of Chinese Communist-trained troops from Manchuria, however, will partially solve North Korea's manpower shortage and will add materially to the combat potential of the North Korean Army. North Korean military strength has been further bolstered by the assignment of tanks and heavy field guns to units in the thirty-eighth parallel zone and by the development of North Korean air capabilities. Despite this increase in North Korean military strength, the possibility of an invasion of South Korea is unlikely unless North Korean forces can develop a clear-cut superiority over the increasingly efficient South Korean Army.

- 11 -

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156. Daily Summary Excerpt, 1 February 1950, Implications of Soviet Recognition of the Ho Regime in Indochina

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A N N E X

1 February 1950

IMPLICATIONS OF SOVIET RECOGNITION OF THE
HO REGIME IN INDOCHINA

Soviet recognition of Ho Chi Minh's "Democratic Republic of Vietnam" early this week, following similar action by the Chinese Communists, has jeopardized the already uneasy position of the French--and the French-sponsored Bao Dai regime--in Indochina. The implicit threat in the Communist diplomatic maneuvers is strengthened by the presence of Chinese Communist forces on the Indochina frontier and their ability to make substantial military supplies available to the pro-Communist Ho regime. This combination of political and military pressure may, by itself, force the French to withdraw from Indochina within a year. In the unlikely event that the Chinese Communist Government should send a major military force into Indochina for action against the French, French withdrawal could be expected within six months.

If France is driven from Indochina, the resulting emergence of an indigenous Communist-dominated regime in Vietnam, together with pressures exerted by Peiping and Moscow, would probably bring about the orientation of adjacent Thailand and Burma toward the Communist orbit. Under these circumstances, other Asian states--Malaya and Indonesia, particularly--would become highly vulnerable to the extension of Communist influence.

Meanwhile, by recognizing the Ho regime, the USSR has revealed its determination to force France completely out of Indochina and to install a Communist government. Alone, France is incapable of preventing such a development. Although Western nations are committed to support of the

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French on the diplomatic level--the US and the UK, for example, plan shortly to extend recognition to the French-sponsored Bao Dai regime--such actions are unlikely to halt the present trend in Indochina. Prospects for obtaining additional diplomatic support for the French or Bao Dai are poor in view of the unwillingness of most Asian nations to assist what they regard as a "colonialist" puppet regime. In fact, many of these nations can interpret Soviet and Chinese recognition of Ho as concrete action in support of Asian nationalism.

In resisting the Communist advance, France can now turn for assistance only to the US, which, in the face of recent actions by the USSR and China in seizing the initiative in Southeast Asia, is now confronted with the general alternatives of either increasing its support of Bao Dai or withdrawing such support as has already been afforded. Adoption of the first alternative sets up Bao Dai as the principal anti-Communist instrument in Indochina, despite the inherent weakness of his position. Asian nations, moreover, would tend to interpret such US action as support of continued Western colonialism. The second alternative, which would result in the inevitable downfall of Bao Dai, would open the way for intensified Communist action in Southeast Asia and would render increasingly difficult the containment of Soviet influence throughout the Far East.

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157. Daily Summary Excerpt, 3 February 1950, French Views on Indochina

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3 FEB 1950
1206

GENERAL

1. French views on Indochina--According to US Ambassador Bruce in Paris, Parodi, Secretary of the French Foreign Office, is very "gloomy" about the implications for Indochina of recent Soviet actions. Parodi is inclined to believe that the Chinese Communists will grant strong support in equipment and technicians to the Vietnamese guerrilla leader Ho Chi Minh and that they may even launch a direct military assault against Indochina. Parodi stated that the French, in either case, could not withstand indefinitely and that his Government was planning to make inquiries concerning US intentions if such developments should materialize.

CIA/s

(CIA Comment: CIA believes that the Chinese Communists can make substantial military supplies available to Ho Chi Minh but that they are unlikely to send a major military force into Indochina.)

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158. Weekly Summary Excerpt, 3 February 1950, UN: Soviet Walkout; Southeast Asia: Soviet Pressure

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E A S T E R N E U R O P E

Soviet Walkout One major purpose of the Soviet UN walkout was probably to contribute to the Soviet effort to isolate China from Western influence by making it as difficult as possible for the US to reverse its China policy. The dramatic Soviet boycott of the UN, along with abuses of US officials and property in China, makes US recognition of the Peiping regime increasingly difficult in the face of opposition in the US Congress and press. The USSR is, therefore, encouraging a situation in which US recognition of the Chinese Communist regime could be widely construed and propagandized as an outright surrender to Soviet pressure. The walkout, although ostensibly designed to force the early unseating of Nationalist delegates, may actually have delayed the shift to Communist Chinese representation in the UN.

Although Chinese and Soviet recognition of Ho Chi Minh (Communist leader in Indochina) is primarily aimed at fostering revolutionary activity in Southeast Asia, this action may also be parts of the Soviet effort to minimize contacts between China and the West. Such Soviet moves which effectively postpone the establishment of US and French relations with China correspond to the general Soviet policy of discouraging Western contacts with the Soviet Satellites in Europe.

- 6 -

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SOUTHEAST ASIA

Soviet Pressure The extension of Soviet recognition to the United States of Indonesia and to Ho Chi Minh (Communist leader opposing the Bao Dai Government in Indochina) may presage greatly increased Soviet pressure against the Western position in Southeast Asia. In Indochina, support from the USSR and the Chinese Communists will probably strengthen resistance to Bao Dai and may turn the balance in favor of Ho. Moreover, the extension of Soviet recognition to Ho will: (1) counteract the expected political impact of Western recognition of Bao Dai; and (2) probably increase the reluctance of neighboring countries to follow the Western lead in recognizing Bao Dai. In Indonesia, where political leaders are attempting to maintain a neutral position between the US and the USSR, Soviet recognition will arouse little suspicion that the USSR may eventually use its mission to work with subversive groups. Near the Chinese border in the Burmese hill state of Kengtung, Chinese "Communist" freebooters are creating enough trouble to arouse some apprehension in Rangoon.

- 11 -

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159. Weekly Summary Excerpt, 10 February 1950, France: Indochina Policy

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FRANCE

Indochina Policy Although popular support at home for the French Government's Indochina policy has increased as a result of Soviet and Chinese recognition of Ho Chi Minh, prospects for implementing the policy successfully remain poor. The level of the military effort being maintained in Indochina is close to the maximum of French capabilities; if the Chinese Communists provide appreciable support to Ho Chi Minh in the form of military technicians and equipment, France will be incapable of containing the resistance movement without outside assistance. The French

- 3 -

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FRANCE

are likely, therefore, to increase their efforts to obtain British and US support, basing their claim on the growing urgency of regarding Indochina as a critical battleground in the East-West struggle.

- 4 -

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160. Weekly Summary Excerpt, 17 February 1950, Sino-Soviet Pact

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F A R E A S T

Sino-Soviet Pact By concluding an ostensibly benevolent treaty with the Chinese Communists, the USSR has obtained a three-year period of grace in which to tighten its grip on Communist China. The treaty will at once confute the "imperialists" outside China and conciliate internal opposition to the Communist regime. By not immediately relinquishing control over Dairen, Port Arthur, and the Manchurian railways, however, the USSR will maintain control of strategic assets in China, while continuing to advance the process by which Soviet influence in China becomes Soviet control. The USSR can be expected to gradually strengthen its grip on the Chinese Communist Party apparatus, on the armed forces, on the secret police, and on communications and informational media. One immediate result of the treaty will be the strengthening of the Stalinist faction of the Chinese Communist Party for action against the rather sizeable bloc of nationalistic Chinese Communists.

- 9 -

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161. Daily Summary Excerpt, 21 February 1950, Soviet Military Preparations in Austria; Increased Communist Pressure in Southeast Asia

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GENERAL

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1. Reported Soviet military preparations in Austria--US Ambassador Johnson in Rio de Janeiro reports that the Brazilian Minister in Vienna has been informed by Austrian Foreign Minister Gruber that he is "absolutely sure" the Soviet command in Vienna began about twenty days ago military preparations which indicate the USSR is planning large-scale military action. In support of his conviction, Gruber stated that: (a) new strategic points in Austria have been occupied by considerable Soviet forces; (b) large quantities of modern materiel and equipment are continuously arriving at Soviet garrisons; and (c) Soviet lines of communication are being carefully protected by new contingents of selected troops. Gruber also assured the Brazilian Minister that he is expecting momentarily a Soviet "surprise" in Europe, not excluding the possibility of the opening of hostilities in some sector.

(CIA Comment: CIA has no reliable information justifying the belief that the USSR is planning large-scale military action in Europe in the immediate future. CIA believes, however, that the preponderance of Soviet military strength in Europe and stringent security measures in the Soviet sphere provide the USSR with the capabilities for initiating military operations with little or no advance information becoming available to the Western Powers.)

2. Increased Communist pressure in Southeast Asia predicted--US Ambassador Kirk in Moscow suggests that the recently concluded Sino-Soviet Treaty prepares the way for these two principal partners in World Communism to assume in the near future "militant initiative in Southeast Asia to a maximum degree short of open war." The Ambassador believes

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- 1 -

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that Stalin and Mao probably estimate that Communist expansion in Southeast Asia in the near future is both militarily and politically feasible. Kirk considers Burma and Indochina to be the prime targets in Southeast Asia because their inclusion in the Communist sphere would advance Communist forces toward the goal of world domination and because these countries, plus Thailand, would provide China with a solution to its food problem.

(CIA Comment: CIA concurs in the above estimate of Soviet intent in Southeast Asia.)

8

- 2 -

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F A R E A S T

CHINA

TREATY WITH USSR

Secret Protocols The recently announced treaty between China and the USSR was almost certainly accompanied by secret protocols designed to provide for a stronger Soviet position in the Chinese military organization, in strategic segments of the Chinese economy, and in China's border regions. It is not likely that protracted negotiations would have been necessary to reach agreement on the published text of the treaty.

Military Agreements Unpublished military agreements probably provide for: (1) Soviet assistance to the Chinese Communist ground and naval forces and their embryonic air force; (2) Soviet access to Chinese naval and air bases; (3) the "joint" development of such bases using Soviet equipment and technicians; (4) the exchange of military and technical personnel; and (5) the dispatch of a Soviet military mission to China. The USSR will probably give special attention to the development of the Chinese Communist air arm, which it will be in a position to dominate from the outset; to Chinese Communist service schools; and to the selection of reliable Chinese Stalinists as political and intelligence officers.

Economic Terms In the economic field, the USSR has probably obtained secret rights to maintain its preferred position in Manchuria, establish Soviet trading firms, assign Soviet advisers and technicians to strategic segments of the Chinese economy, extend Soviet air privileges in the border regions and to China proper, and

- 12 -

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CHINA

engage in preclusive buying of strategic minerals. One economic pact may deal specifically with Sinkiang; an arrangement for the joint development of that province, together with provision for Soviet advisers with the provincial government, would make it unnecessary for the USSR to seek territorial concessions in Sinkiang at this time.

Possible Friction Meanwhile, friction will probably develop between China and the USSR over implementation of the published \$300 million credit agreement. As in the case of similar Soviet credits to the European Satellites, the USSR may use the agreement as a lever to extract concessions from the Chinese. The USSR will not only tend to overrate the value of Soviet goods but may insist on deducting from the credit any costs of technical advisory assistance, on receiving credit for the return of equipment originally obtained in the dismantling of Manchurian industrial installations, and on charging exorbitant transportation costs.

- 13 -

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163. Weekly Summary Excerpt, 17 March 1950, Indochina: Ho's Orientation; Current Soviet Tactics in Germany

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F A R E A S T

INDOCHINA

Ho's Orientation Although Moscow-trained Ho Chi Minh has never been proven to be either a Tito-like nationalist or a Moscow-dominated Communist, recent developments may indicate his subservience to the Kremlin. Broadcasts from the Ho-controlled radio in Indochina have reportedly attacked Tito and failed to mention the diplomatic recognition extended by the Yugoslav Government to the Ho regime. French authorities have also reported that Ho is on his way to Peiping and Moscow to sign treaties of alliance with Mao Tse Tung and Stalin. Ho's brief flirtation with Yugoslavia regarding recognition may have been the result of a mistake by his Bangkok representative, who made the initial approach to Tito along with a general invitation to all nations.

- 10 -

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CURRENT SOVIET TACTICS IN GERMANY

Current Soviet tactics in Germany reflect both the Kremlin's growing optimism regarding its improved world power position and its increased confidence in gaining eventual control over all of Germany on Soviet terms. These tactics are characterized by an uncompromising designation of the East German regime as the sole focal point of German unity and by Soviet insistence upon political progress toward the establishment of a Peoples Democracy in East Germany. This Soviet attitude is evident in: (1) the demand for absolute acceptance of the National Front policy of German unity through friendship with the USSR; (2) consistent reiteration by East German political officials that the Oder-Neisse boundary is permanent, and their acceptance of the recent Polish decision to evict the German minority; and (3) the purge of the bourgeois parties in East Germany. The USSR is unlikely to change its present tactics as long as the Kremlin does not foresee participation of West Germany in an effective political and military Western bloc.

The USSR is unlikely to conclude a separate peace treaty with the East German Government (GDR) in the near future unless the Western Powers sign a separate peace agreement with West Germany. The USSR could, however, take action short of a formal peace treaty, such as a declared termination of the state of war. Any advantages accruing to the USSR from a separate peace treaty at this time would be limited to propaganda and the enhancement of the prestige of the National Front and the GDR. Moreover, the conclusion by the USSR of a separate treaty with East Germany would weaken the Soviet claim,

- 13 -

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based on the Yalta and Potsdam agreements, to a voice in West Germany and the Ruhr. The Kremlin may also be reluctant to conclude a separate peace treaty in the belief that it would lead to the alignment of West Germany with a Western political and military bloc.

Continuation of present Soviet tactics in Germany will lead to further political consolidation in East Germany resulting, for all practical purposes, in a one-party system by the time of the scheduled October 1950 elections. At the same time, continued efforts will be made to expand and strengthen the East German internal security force. The USSR is unlikely to undertake actual troop withdrawal or rectification of the Oder-Neisse line, in order to enhance Soviet-Communist appeal in Germany. The current Soviet attitude toward the German problem, combined with continued harassing actions in Berlin, also reduces the likelihood of an early Soviet offer to reopen Four Power negotiations on Germany. The city of Berlin will remain a "special situation" for the USSR and will probably be subjected to increased economic and political pressure in the near future.

- 14 -

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F A R E A S T

CHINA

Military Plans Despite repeated reports that the Chinese Communists are preparing for a large military campaign aimed at gaining control over all of Southeast Asia, it is unlikely that such a campaign will be launched in the near future. The primary objective of the Communists in China for 1950 continues to be the complete elimination of all Nationalist resistance and the extension of Communist control over all territories formerly held by the Nationalists. Present international Communist strategy, formulated and announced by the USSR and endorsed by the Chinese Communist Party, does not envisage the employment of the regular armed forces of a Communist nation for large-scale operations as a means of gaining control over non-Communist nations. Moreover, a military adventure by the Chinese Communists into Southeast Asia would contribute little to an early solution of the economic difficulties which derive at least in part from the Nationalist blockade and air attacks. Despite reported Communist dissension over such matters as the degree of subservience to the USSR, policy toward the West and methods to alleviate peasant unrest, there is no conclusive evidence of disagreement concerning the necessity for early occupation of Taiwan and Hainan and the elimination of the Nationalist Navy and Air Force.

- 11 -

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165. ORE 91-49 Excerpt, 6 April 1950, Estimate of the Effects of the Soviet Possession of the Atomic Bomb Upon the Security of the United States and Upon the Probabilities of Direct Soviet Military Action

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FOREWORD

The subject matter of the present estimate has been under consideration since October 1949. At the outset, representatives of all the agencies concerned agreed that, as a basis for estimating the effects of the Soviet possession of the atomic bomb upon the probability of direct Soviet military action, it was essential to re-examine carefully the problem of overall Soviet objectives and intentions. The examination of this problem, as well as of the related problems of the effects of the Soviet atomic bomb upon the probability of war and upon the security of the US, revealed wide differences in attitude and opinion among the intelligence agencies. The examination of these problems also brought to light many operational and policy questions of far-reaching importance that will require some time to resolve and which are in large part beyond the cognizance of the intelligence agencies.

A CIA draft was submitted to the IAC agencies on 10 February 1950. From the comments made by the IAC agencies on this draft it was apparent that no early agreement could be reached. In view of the time already elapsed and the broader significance of many of the issues that emerged during the study,

CIA considered that it was more important to publish this paper at this time than to attempt the time-consuming, if not impossible, task of obtaining agreement. It considered, furthermore, that it would be more useful to publish a straightforward point of view, accompanied by contrary opinions, than to present a watered-down version.

Insofar as was possible in good conscience, the 10 February CIA draft has been modified in consideration of the comments received from the IAC agencies, particularly to clarify passages regarding which agency comment revealed evident misunderstanding. This revised estimate is now presented with the final comments of the IAC agencies thereon.

The Director of Intelligence, Atomic Energy Commission, has concurred in this estimate. The several dissents of the intelligence organizations of the Departments of State, the Army, the Navy, and the Air Force are to be found in Appendixes A, B, C, and D respectively (pp. 29-36). It should be noted that these dissents are on various grounds and that the several departmental agencies disagree among themselves as well as with CIA.

This paper is to be considered as an interim report. The subject is under continuing urgent consideration in an effort to obtain the greatest possible resolution of these differences, and a subsequent report will be published when this has been accomplished.

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ESTIMATE OF THE EFFECTS OF THE SOVIET POSSESSION OF THE
ATOMIC BOMB UPON THE SECURITY OF THE UNITED
STATES AND UPON THE PROBABILITIES OF DIRECT
SOVIET MILITARY ACTION

I. Statement of the Problem.

To estimate the effects of the Soviet possession of the atomic bomb upon the security of the United States and upon the probabilities of direct Soviet military action.

II. Discussion.

1. Soviet atomic capabilities (see Enclosure A).

2. Estimate of basic Soviet intentions and objectives, particularly with respect to the use of military force (see Enclosure B).

3. Effects of the possession of the atomic bomb upon the USSR and its policy (see Enclosure C).

4. Effects outside the USSR of Soviet atomic capabilities (see Enclosure D).

III. Summary and Conclusions.

1. *Soviet Atomic Capabilities.*

a. It is estimated tentatively that the USSR will probably have a stockpile of 100 atomic bombs, approximately as destructive as the Nagasaki bomb, some time during 1953.

b. On even less certain grounds it is estimated that the USSR will probably have a stockpile of 200 bombs some time between mid-1954 and the end of 1955.

c. The USSR either has or can easily produce enough TU-4's (B-29's) and trained crews willing and able to attempt the delivery against all key US targets any number of atomic bombs the USSR can produce.

d. Preliminary and highly tentative US estimates indicate that an atomic attack of approximately 200 bombs delivered on pre-

scribed targets might prove decisive in knocking the US out of a war. There is at present no reliable estimate of the size of the stockpile required to insure the delivery of 200 bombs on the prescribed targets. (For more detailed analysis, see Enclosure A.)

2. *Soviet Intentions and Objectives in Relation to the Probabilities of War.*

Before attempting to estimate the effect of the Soviet possession of the atomic bomb upon the probabilities of war, we believe it timely to re-examine basic Soviet objectives in the world situation, as the Kremlin conceives it, and to estimate the means which the Kremlin deems appropriate for their accomplishment, with particular reference to the use of military force. Our conclusions, as they apply to the probabilities of war, apart from any consideration of the atomic bomb, are given below:

a. The basic objective of Soviet foreign policy is clearly the attainment of a Communist world under Soviet domination. In pursuit of this objective, the USSR regards the US as its major opponent and will wage against it a relentless, unceasing struggle in which any weapon or tactic is admissible which promises *success in terms of over-all Soviet objectives*. Nothing in the subsequent analysis, therefore, should be interpreted to imply that Soviet leaders would not resort to military action at any time they considered it *advantageous* to do so. The purpose of this analysis is objectively to estimate the methods which Soviet leaders are likely to consider advantageous in terms of their over-all objectives and the circumstances under which they might consider

Note: For the position of the other intelligence agencies with respect to this paper, see "Foreword" on preceding page.

TOP SECRET

3

a resort to military action either advantageous or necessary.

b. There would appear to be no firm basis for an assumption that the USSR presently *intends* deliberately to use military force to attain a Communist world or further to expand Soviet territory *if this involves war with a potentially stronger US*. An analysis of the Stalinist concepts which motivate Soviet leaders, as opposed to an interpretation of their motives and actions in the light of Western concepts, suggests strongly that the preferred objective of Soviet policy is to achieve a Soviet-dominated Communist world through revolutionary* rather than military means. Analysis of Soviet foreign policy likewise indicates that Soviet statesmen are following Stalinist doctrines and tactics in conducting Soviet international relations in the interest of the world revolution.

c. Soviet leaders, however, are thoroughly aware of the fact that they are pursuing their revolutionary objectives within the context of a traditional world power conflict. They are responsive in this context to the expansionist aims and the security requirements of the preceding imperial Russian regime. Their estimate of the objectives and behavior of the Western Powers, however, probably is still determined primarily by the Stalinist concept of a capitalist-imperialist world ruled by military force which will eventually be used against the Soviet Union. To ensure the protection of the base of the revolutionary movement in the USSR, therefore, they must maintain invincible military strength and use diplomacy to improve the strategic position of the USSR in relation to the world power situation as well as to further their revolutionary objectives. At the same time they recognize fully the value of the threat of Soviet military power as an adjunct to their revolutionary program.

d. The presently active Soviet threat to US security, therefore, while including the ever-present danger inherent in Soviet military power, appears to be a Soviet intention and determination to hasten, by every means short

* The term "revolutionary" is used to connote all means short of all-out war involving the US.

of war, the economic and political disintegration of the non-Communist world which Soviet leaders firmly believe will inevitably come about according to the Marxist concept of the laws of historical development. In view of the magnitude of the economic, political, and social problems facing the non-Communist world today, it is unlikely that Soviet leaders will lose confidence in the validity of this Marxist concept until the non-Communist world has *demonstrated over a considerable period of time* that it can reverse the trends of the last forty years and re-establish a stable and self-confident international economic, political, and social order. The first line of US defense in this context, therefore, is the restoration of international stability and the maintenance of a sound internal structure.

e. In terms of this approach to their objectives, the role presently assigned by Soviet leaders to Soviet military power appears to be: (1) defense in the world power situation, accompanied by preparations for the eventuality of war; (2) intimidation in support of their revolutionary program; and (3) where consistent with their objectives, local use against military and economic forces already weakened by Communist subversion but not in aggression that would automatically involve war with the US. Even if the USSR should gain military superiority (i.e., in overall military potential) over the US and its allies, it is estimated that so long as it deems the opportunity to exist it will still prefer to seek its objectives by exploiting measures short of an all-out attack.

f. Although the USSR may hope and intend to pursue its objectives by measures short of war, at least until it has military superiority over the US and its allies, there is nevertheless a continuing danger of war, based upon the following considerations:

(1) The strength of Soviet military forces in being and the aggressive Soviet revolutionary program require that the US maintain a strong military and strategic posture. Were it not for the likelihood of US intervention, the USSR, when the situation was ripe, would probably use its military forces in actual intervention, progressively to support the ac-

TOP SECRET

5

cession to power of Communist parties in the states directly beyond its area of control. Correspondingly, internal resistance to the rise of Communism in these areas would weaken without the support of a strong US.

(2) The USSR, with its doctrinaire concepts of capitalist behavior and its hyper-sensitivity over security, may interpret, as potentially aggressive, future steps which the US and the other Western Powers might take to improve their defensive position against the threat inherent in Soviet military power. Similarly, continuing Soviet successes in the "cold war," accompanied by an increasing emphasis on US and Western military preparations, could well create a situation in which the USSR would estimate that the Western Powers were determined to prevent the future spread of Communism by military action against the USSR. It is always possible, therefore, that the USSR would initiate a war if it should estimate that a Western attack was impending.

(3) The basic Soviet concept of hostility (the "cold war") as the normal relationship between the Soviet Union and the non-Communist states, operating as it does against a background of a power conflict in which each side is armed and suspicious of the aims of the other, creates a situation in which miscalculations or diplomatic impasses might result in war. Furthermore, as the Soviet military potential increases relative to that of the US and its allies, the USSR will probably be willing to take greater risks than before in its exploitation of diplomatic opportunities or revolutionary situations.

(4) If, after gaining military superiority (i.e., in over-all military potential) over the US and its allies, Soviet leaders should lose confidence in the Marxist concept of the inevitable disintegration of the capitalist world and hence in their ability ultimately to attain their objectives by means short of war, the temptation to resort to military action against the US and its allies might well prove irresistible. *This conclusion should be qualified in the light of the possibilities inherent in atomic warfare, as discussed in the following section.* (For more detailed analysis, see Enclosure B.)

3. Effects of the Soviet Possession of the Atomic Bomb upon the Probabilities of War.

It is not yet possible to estimate with any precision the effects of the Soviet possession of the atomic bomb upon the probability of war. The implications of atomic warfare—either military or psychological—have not yet been fully appraised. In particular we have as yet no clear indications concerning the place of atomic warfare in Soviet military concepts or concerning the effect of US retaliatory capabilities upon any Soviet consideration of a deliberate and unprovoked atomic attack upon the US.

The capabilities of atomic warfare, however, clearly inject a new factor into an appraisal of Soviet intentions which requires the most careful evaluation and which, in any event, has vital implications for US defense planning. Although, in general, it appears unlikely that the possession of the atomic bomb will alter the basic considerations—as outlined above—which underlie Soviet policy, a Soviet capability for effective direct attack upon the continental US must be considered to increase the danger that the USSR might resort to military action to attain its objectives.

The military services have estimated that the destructive effect of atomic attack *actually delivered upon selected targets* in the US would be as follows:

(a) 10-50 bombs.

1. Would seriously hamper war mobilization and delay overseas shipments of US forces and material.

2. Would delay or reduce materially the scale of the US atomic retaliation.

(b) 50-125 bombs.

1. Would intensify the effects of (a)-1, above, and prevent the *immediate* launching of an atomic offensive against the USSR.

(c) Up to 200 bombs.

1. Reduce the US capability for an atomic offensive, possibly to a critical degree, and create conditions that might destroy the US capabilities for offensive war.

Atomic attack, therefore, introduces the *possibility* that the USSR under (a) and (b)

TOP SECRET

above could seriously cripple the US and under (c) might well knock the US out of the war.

If, therefore, the USSR should estimate that it had the capability of making a crippling attack upon the US that would eliminate the US margin of over-all military superiority, the danger that war might develop either from a Soviet estimate that a Western attack was imminent, or from miscalculations or impasses in the normal diplomatic maneuvering within the context of the world power conflict, would be increased.

Similarly, a Soviet estimate that it could deliver a *decisive* attack that would quickly knock the US out of the war would increase the possibility of a decision deliberately to resort to military action to eliminate the major obstacle to a Communist world. Such a decision, under these circumstances, might conceivably be made prior to a Soviet conviction that the USSR could not ultimately attain its objectives by means short of war. It could certainly be made prior to the attainment of superiority in over-all military potential as compared with the US and its allies.

There is no present means, however, of determining with any accuracy whether the USSR is likely to estimate that it has the capabilities to accomplish the results indicated above. In fact, no realistic US estimate has yet been made of Soviet capabilities to deliver atomic bombs on targets in the US, *taking into account Soviet operational factors and US defensive capabilities*. In terms of general Soviet objectives and the methods to which the USSR appears to be committed in attaining them, it would appear that Soviet leaders would require a high degree of certainty before deliberately undertaking the risk involved in a direct atomic attack in the face of the substantial US retaliatory capabilities. The following conditions would probably be essential to any such decision:

(a) Virtual certainty of attaining surprise (only in this way could the indicated results be achieved).

(b) Virtual certainty that effective US retaliation could be prevented. (Although the US may appear more vulnerable to atomic attack than the USSR, in terms of large concentrations of population and industry, the

Soviet regime itself is probably peculiarly vulnerable to atomic attack. As a dictatorship, all elements of Soviet control are centered in Moscow. Initiative throughout the lower echelons and the provincial officialdom is non-existent. The destruction of the control center, many of the leaders, and the means of communication might therefore lead to complete disintegration and revolution.)

(c) A more effective means of delivery than the TU-4 (B-29). (If there are doubts about the ability of the B-36 to deliver the atom bomb against the USSR, how much greater the doubts that the Soviet B-29 could deliver it successfully against an effective and alert US defense.)

The greatest danger that the Soviet atomic capability would lead to overt Soviet military action would appear, therefore, to derive from a Soviet estimate that it could launch a successful surprise attack that would seriously cripple or virtually eliminate US retaliatory capabilities. The likelihood that the USSR will reach such an estimate will vary inversely in relation to the effectiveness and alertness of the US defenses against such an attack, and to possible measures taken to make US retaliatory bases and equipment immune to attack.

In terms of the above analysis, present US estimates of destructive effects (given above) of varying numbers of atomic bombs actually delivered on selected targets in the US, combined with US estimates of the Soviet atomic bomb production schedule, can furnish only the roughest guide as to the timetable of theoretical Soviet capabilities.

On this tentative basis it is estimated that beginning shortly after 1 January 1951 the USSR will begin to build up a theoretical capability for launching a progressively crippling attack upon the US.

On the same basis, it is estimated that at some indeterminate time after mid-1954 the USSR will have the theoretical capability of delivering 200 atomic bombs on targets in the US which might well constitute a "decisive" attack, i.e., with respect to the ability of the US to wage offensive warfare.

It appears imperative from the foregoing that an effort be made to determine Soviet

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7

capabilities on the most realistic basis, that is, in terms of Soviet operational factors and US defensive capabilities. For if it is determined that an atomic attack could knock the US out of a war, the implication would be that the atomic bomb is, after all, an "absolute weapon." Such a conclusion would have vast implications for US foreign policy and for the composition of the entire US military establishment.

4. *Possible Soviet Courses of Action with Respect to Its Atomic Capabilities—Short of Direct Attack.*

The precise effects of the Soviet atomic capabilities upon the security of the US will depend in part upon how the USSR chooses to use them. Consideration must be given to several alternative courses of action that are available to the USSR, and to the fact that we have no information on the Soviet evaluation of atomic warfare in terms of the effects upon the USSR of US atomic capabilities.

a. Possession of the atomic bomb has not yet produced any apparent change in Soviet policy or tactics, and probably will not do so at least through 1950. The USSR has merely integrated the "bomb" into its general propaganda and its "peace offensive." It will probably in any event continue to stir up mass opinion in the West against rearmament and against the use of atomic weapons in the event of war. In this way it may hope to create sufficient public pressure on the Western governments to neutralize the US bomb.

b. It would appear that on balance the destruction of existing stockpiles of atomic bombs and the barring of further production would be militarily advantageous to the USSR, except with respect to the possibility of a direct Soviet attack upon the continental US. Soviet considerations of security and national sovereignty probably preclude the possibility of an agreement for the control of atomic energy production that would meet the current requirements of the Western Powers, but the USSR may renew pressure for an international agreement to outlaw the use of the atomic bomb in warfare.

c. While the outlawing of the use of the bomb might be militarily advantageous to the USSR, in terms of operations in Europe or Asia, the USSR may estimate that the political and psychological advantages of retaining the threat of atomic warfare outweigh the military advantages of excluding it. When the USSR acquires what it considers an operational stockpile of bombs, its capabilities for employing threats and intimidation through diplomatic channels in an effort to detach individual states from the Western bloc will be considerably increased. With the exception of the UK, the US, and possibly Japan, however, this increased capability will not result from apprehension on the part of these states that they will be directly attacked with atomic bombs, but rather from the increased Soviet military capabilities vis-a-vis the US and from general apprehension concerning the effects of an atomic war. The USSR could not expect that the threat of direct atomic attack would carry particular weight against those states which estimated that a Soviet attack would bring the US into a war and that under those circumstances their territories would not be of sufficient strategic importance to justify the use against them of the limited Soviet supply of atomic bombs.

(For more detailed analysis, see Enclosure C.)

5. *Effects of Soviet Possession of the Atomic Bomb upon the Security of the US.*

a. Assuming the continued stockpiling of bombs by the USSR and the US, Soviet atomic capabilities have the following military implications for the security of the US in the event of war.

(1) The continental US will be for the first time liable to devastating attack. This has vital implications for the mobilization of the US war potential.

(2) The Soviet atomic capability would appear to make it imperative not only that US defenses against atomic attack, particularly the requirements for air defense, be greatly strengthened, but that steps be taken to make US retaliatory bases and equipment, in part at least, *invulnerable* to surprise attack. These measures are clearly essential to the

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preservation of US retaliatory capabilities which in turn would contribute the greatest deterrent to a Soviet attack.

(3) If it is accepted, on the basis of a *realistic estimate*, that an atomic attack could knock the US out of a war, the implication would appear to be that the atomic bomb is after all an "absolute weapon." The acceptance of this implication would in turn have vital implications with regard to the composition of the entire US military establishment.

(4) The Soviet military potential is increased.

(5) The loss of the US monopoly of the atomic bomb has reduced the effectiveness both militarily and psychologically of the US commitment to defend the UK and Western Europe.

(6) The US has lost its capability of making a decisive atomic attack upon the war-making potential of the USSR without danger of retaliation in kind.

(7) Soviet possession of the atomic bomb would seriously affect US capabilities for air operations from the UK or other advanced bases and for amphibious operations against the European continent or other areas within range of Soviet attack.

(8) Soviet atomic retaliatory capabilities raise the question as to whether it is militarily desirable for the US to base its strategic plans upon the use of the atomic bomb except in retaliation against a Soviet attack. (In view of the preponderance of its conventional military forces and the damage it would sustain from a US atomic attack, the USSR might consider it advantageous not to use the bomb first and hope thereby to forestall the US use of the bomb.)

(9) If the use of the atomic bomb were eliminated, US strategic concepts for the conduct of a war with the USSR would have to be drastically revised.

(10) Should an international agreement be reached to outlaw the use of the atomic bomb the USSR would be in a better strategic position than the US. We can probably assume that the USSR would not hesitate to violate the agreement in the event of war if it considered it advantageous to do so, while the US

would abide by the agreement. Under these circumstances the USSR would have the option of using the bomb or not, according to its strategic plans, and thereby acquire the initiative. If neither side used the bomb, the US would lose its capabilities for immediate effective attack upon the Soviet military potential, and the USSR's relative capabilities would be increased through the preponderance of its conventional military strength.

b. The political and psychological effects on US security of a continuing Soviet atomic capability are estimated as follows:

(1) The possession of the bomb and the resultant increase in Soviet military power will increase somewhat the effectiveness of Soviet subversive activities and propaganda in the "cold war."

(2) Through 1950 at least, Soviet possession of the bomb will not cause any change in the present alignment of the principal nations, or in the support of current US programs to counter Soviet aggression. It will probably result, however, in demands from Western Europe for larger amounts of US equipment and for further US commitments for the active defense of Western Europe.

(3) The UK, because of its extreme vulnerability to atomic attack, may become somewhat cautious about joining with the US in any actions which the UK estimated might provoke the USSR into using armed force against the Western Powers. It will continue through 1950 at least, however, to base its foreign policy on a close US-UK strategic and economic relationship.

(4) The longer-range effects of Soviet atomic capabilities upon the political alignment of the non-Communist states will depend in the first instance upon the extent and soundness of European economic and military recovery and upon the policy and strength of the US. If present efforts to restore the economic and military strength of Western Europe fall short of their goals, there will develop a strong, though not necessarily decisive, movement for accommodation or neutrality. If at the same time, there should be indications of a serious weakening in US

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strength or in US commitments to resist Soviet aggression, the movement for accommodation or neutrality would probably become decisive.

Assuming that US support of its NAT allies and Japan remains firm and that the economic and military recovery of Europe is accomplished on a firm and stable basis, there will be a strong probability that the non-Soviet states, including the UK and Japan, will remain firm in their alignments with the US if the Soviet Union should threaten atomic warfare when it has attained an operational stockpile of bombs, or if a deterioration in relations between the USSR and the Western Powers suggested that an atomic war was imminent. In the latter circumstances, the UK would be strongly influenced by its appraisal of the issues at stake; it would not be inclined to follow the US unless it considered these issues vital to its security.

In the final analysis, however, the future public appraisal of the significance of the atomic bomb will probably be the determining factor on the will to resist. It is impossible at this time to predict with any assurance what this appraisal will be. In general, three alternative trends appear possible in the interim.

a. Increasing fear of the effects of an atomic struggle may have produced in all countries, but particularly in the UK, US, and Japan, an irresistible, organized popular demand for renewed efforts to bring about an agreement between the US and the USSR for at least the prohibition of the use of atomic weapons. If, under these circumstances, this objective were not attained, it must be considered possible that the UK and Japan, because of their extreme vulnerability, could be detached from the US camp and that the US public might force an accommodation with the USSR.

b. The concept may become generally accepted that the threat of mutual retaliation will preclude the use of the bomb by either side. Under these circumstances the effect of Soviet atomic capabilities would be negligible.

c. The present public attitude of indifference or relative unconcern may continue; or a strong determination to resist, regardless of consequences, may develop. Under either of these circumstances, the countries concerned would probably stand firm in their alignment with the US.

(For more detailed analysis, see Enclosure D.)

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APPENDIX A

DISSENT BY THE INTELLIGENCE ORGANIZATION, DEPARTMENT OF STATE

The Intelligence Organization of the Department of State dissents from the subject paper.

The subject paper indicates that, except under extreme—and apparently unlikely—circumstances, the USSR will not deliberately employ military force in its struggle against the US.

We do not possess evidence which suggests that the USSR is now planning to launch a military attack on the US. Neither do we possess evidence, or have reason to believe, that at any given date the USSR will with certainty decide to launch a military assault on the US.

We do not consider, however, that *lack* of evidence of a Soviet intention to use military force on the US can be taken as *evidence* of the *absence* of such a Soviet intention.

The subject paper states that "the burden of proof" of a Soviet intention to resort to world military conquest "lies on those who would assert" that this is the Soviet intention.

We believe that this statement reflects a fundamental misunderstanding of the problem which faces us at the present time. It is accepted by all intelligence agencies of the government that the Soviet Union's basic objective is to establish a Communist world under Soviet domination. It is also accepted that Soviet leaders will employ any methods and tactics which in their mind offer promise of success.

Prior to the Soviet development of an atomic weapon it was generally agreed that an early Soviet military attack on the West was unlikely, if not precluded, because of the preponderance of strength which its economic potential and its atomic monopoly gave the West. With Soviet possession of an atomic weapon this particular assumption obviously is subject to reconsideration.

In the interest of the national security, therefore, we are faced with the necessity of

answering the question: Is there evidence on the basis of which it can be assumed that Soviet leaders will not resort to military action against the US now that they possess an atomic weapon?

The subject paper recognizes many aspects of the crucially important potential of the A-bomb in expanding Soviet capabilities, but it fails to bring into focus the problem of whether or not this development will have a decisive effect on Soviet policy and intentions. While it recognizes numerous conditioning factors, it takes the position that the USSR is still unlikely to employ military force in its struggle with the West. This position is based upon arguments to the effect that a) Communist ideology rigidly prescribes reliance upon the international Communist apparatus rather than upon employment of Soviet armed forces for the attainment of a Communist world dominated by the USSR, and b) Russian imperial history reveals that Russian expansionism has traditionally been cautious and has not been pursued at the risk of a military clash with a "major" power.

Considering the import to US defense and foreign policy of an assurance that the USSR is not likely to resort to military action, we consider these arguments undependable.

The first argument is in direct contradiction to earlier assertion in the CIA paper that the USSR in pursuit of its objective "will wage a relentless, unceasing struggle [against the US] in which any weapon or tactic is admissible which promises success in terms of overall Soviet objectives" and that nothing in the paper "should be interpreted to imply that Soviet leaders would not resort to military action at any time they considered it advantageous to do so." Furthermore, this emphasis upon revolutionary policy not only rests upon a doubtful interpretation of the extremely complex question of the role of the USSR as the "first socialist state" in effecting

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29

world revolution, but also assumes a rigidity in tactics—in the means to be employed in reaching a fixed objective—comparable to the firmness with which that objective itself is held, an assumption which is demonstrably false.

The second argument, that a resort to military action by the USSR is precluded by the fact that Russia since time immemorial has been cautious in its foreign policy, is based upon a misreading of the actual historical facts. Russian history is characterized by neither recklessness nor caution in foreign affairs, but a mixture of recklessness and caution, depending upon the circumstances existing at a given time and on the make-up of the rulers in power. Russian rulers can no more be generally dubbed "cautious" than can the rulers of Prussia. Moreover, it is questionable that the pattern of Russian history under the Tsars is in itself a safe guide by which to predict the actions of Soviet leaders.

The danger of accepting these arguments as a basis for assuming the line of action which Soviet leaders will follow is illustrated by the subject paper itself. At a time when all evidence indicates increasingly militant activity on the part of the USSR in virtually all areas of the world, the paper asserts that "[the existing] situation is one in which both Russian tradition and Communist doctrine counsel patience and restraint, and it appears that the USSR is prepared to accept the *status quo* for the time being. The USSR can afford to be patient, being firmly convinced that time is on its side, that the conflicting interests of the capitalist powers will prevent any truly dangerous development, and that the eventual economic collapse of the capitalist world will present new revolutionary opportunities."

The Intelligence Organization of the Department of State has reached the following

conclusions as to Soviet intentions regarding the deliberate use of military force in the Soviet struggle against the non-Communist world.

1. There is at present no evidence which indicates a Soviet determination at any given time to employ military force against the non-Communist world.

2. The Soviet Union is, however, engaged in what it considers to be a life-and-death struggle with the non-Communist world. In this struggle Soviet leaders can be expected to employ any weapon or tactic which promises success.

3. The only sound test by which to judge Soviet intentions to resort to military action is, therefore, the pragmatic test of whether or not such action would, at a given moment, appear *advantageous* to the Soviet Union.

4. Prior to Soviet development of an atomic weapon, all evidence indicated that the preponderance of strength enjoyed by the US in consequence of its over-all economic superiority and its atomic monopoly made unlikely a Soviet estimate that it would be to the advantage of the USSR to resort to military action.

5. Soviet development of an atomic weapon may have decisively changed this situation, particularly if surprise employment of the weapon could sharply reduce retaliatory action or make it impossible.

The subject report does not effectively deal with this possibility of a change. We feel that the report confuses the issues on Soviet motives and leaves unclear the new balance of factors which will probably determine the Soviet estimate of the advantage the USSR could gain through a deliberate employment of military forces.

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APPENDIX B

DISSENT BY THE ASSISTANT CHIEF OF STAFF,
G-2, DEPARTMENT OF THE ARMY

1. The Assistant Chief of Staff, G-2, dissents with the subject paper. It is recommended that this paper be withdrawn and JIC 502 be substituted therefor as a basis for resolving differences in attitude and opinion. The differences of opinion are considered to be so divergent that it is impractical to consider resolving them on the basis of the present paper.

2. This dissent is based on the following:

a. The threat of Soviet aggression is minimized to the point where dissemination of the paper and its use for planning purposes could seriously affect the security of the United States. A major portion of the paper is devoted to developing the thesis that it is unjustifiable to assume that the U.S.S.R. defi-

nately intends to resort to military aggression involving the United States. This portion of the paper is unrealistic and not germane to the problem.

The conclusions as they apply to the probabilities of war are developed apart from any consideration of the atomic bomb (p. 3, III, 2, last sentence) in spite of the fact that the statement of the problem (p. 3, I) requires such consideration.

b. The second major difference of opinion is the manner in which the subject matter contained in the enclosure is presented. Refinements of logic and multiplicity of alternatives make the paper extremely difficult to understand. As a study, it fails to reach clear-cut conclusions.

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31

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APPENDIX C

DISSENT BY THE OFFICE OF NAVAL INTELLIGENCE

1. The Office of Naval Intelligence dissents from ORE 91-49.

2. The discussion (enclosures A through D) is generally in accordance with ONI's views, but it is not considered that the Summary and Conclusions are properly drawn from the enclosures. The following comments are therefore directed primarily toward the Summary and Conclusions:

(a) There is no integrated analysis of what the effects of Soviet possession of atomic weapons will be. Instead, there is an examination based on several mutually exclusive hypotheses. From these hypotheses one may choose estimates which range from no change in Soviet policy to basic and alarming changes in that policy.

(b) It is noted that one argument in ORE 91-49 rests on extremely hypothetical speculations as to "what might happen" if the

Soviet leaders abandoned their Marxist view of the eventual collapse of capitalism and imperialism. There is at present no indication that the Soviets are losing confidence in their Marxist philosophy and, furthermore, there is no basis on which to predict what their policies might be should they abandon that philosophy.

(c) The hypothesis that a major war may result from miscalculation is considered, in the light of recent events, to be unrealistic. If either the U.S. or the USSR should let an incident or diplomatic impasse develop into a war, it is considered that such a war, as well as the incident or the impasse, would result from a plan, not from a blunder.

(d) In many instances ORE 91-49 exceeds the bounds of intelligence and draws inferences and conclusions of an operational and planning nature.

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APPENDIX D

DISSENT BY THE DIRECTOR OF INTELLIGENCE, UNITED STATES AIR FORCE

1. The following comment concentrates on the one point which the D/I, USAF, considers of such overriding importance as to make the CIA estimate, ORE 91-49, dangerous as an intelligence basis for national policy.

2. The Director of Intelligence, USAF, believes the primary reason why the Kremlin has not resorted to military action against the United States to date is the fact that the Kremlin has believed, and still continues to believe, it is operating from an inferior power position. ORE 91-49, therefore, failed to point out the full and true character of the Soviet threat. Unless the full and true character of this threat is pointed out, Soviet total relative power may be permitted to grow to the point where the U.S. can no longer cope with it successfully.

3. Subject paper states that (a) the USSR regards the U.S. as its main opponent; (b) it will wage against the U.S. a relentless, unceasing struggle in which any weapon or tactic is admissible; and (c) that nothing in the paper should be construed as implying that "the Soviet leaders would not resort to military action at any time they considered it *advantageous* to do so." While these statements, in the opinion of the D/I are correct as far as they go, the rest of the subject paper actually weakens and contradicts this original position.

4. The paper completely misses the inter-relationship between war and revolution. It does not realize, as the Soviets do, that a great power such as the U.S. cannot be overthrown by revolution alone but that revolution can be the result only of a preceding war. It therefore overlooks the fact that Soviet policy aims above all at preparing for the show-down war against the United States. Therefore the first line of U.S. defense is not, as the paper suggests, the "restoration of international stability and the maintenance of a sound internal structure" but is to recognize that we

are at war right now, and that an all-out national effort designed to maintain permanent military and political superiority over the Soviet Union, is required.

5. The paper begs the issue under discussion when it states that there appears "to be no firm basis for an assumption that the USSR presently intends deliberately to use military force . . . if this involves war with a potentially stronger U.S." Actually, there is a very firm basis for the assumption that they would do no such thing, simply because an aggressor has never resorted to war if he were sure that he would lose. The problem at issue is (a) whether the acquisition of an atomic capability has provided the Soviet Union for the first time in history with a clear-cut capability that would enable them to win the war against the U.S.; and (b) whether, under conditions of atomic warfare, the lack of instantly available American military power vitiates the importance of the great American war *potential*. Another no less important problem would be to determine how the Soviets will integrate the atomic bomb into their traditional strategy and tactics. To this problem ORE 91-49 does not address itself.

6. The D/I, USAF, sets forth the following for the record:

a. Communist thinking, from Marx to Stalin, clearly recognizes the inter-relationship between war and revolution, and, specifically, the fact that no major revolution is feasible without war.

b. The Soviets are clearly on record that (1) they consider the Soviet Union as an operational base and (2) they consider the Red Army as the main weapon of the proletariat. The Soviets know that they have never expanded beyond their frontiers without the use of military means, i.e., all the territories taken by them were taken by the Red Army or a satellite force (Tito, Mao).

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c. In "Problems of Leninism", Stalin stated clearly that capitalism can be overthrown only by violence, and ultimately only by war. Actually the theory that capitalism will fall of its own weight has never been Stalin's idea, and there is much evidence that he has opposed this concept as ideological "deviationism".

d. The Soviets made a major contribution to the outbreak of World War II. They did nothing to prevent that war, and everything to make it a reality.

e. There are numerous recent statements

by Soviet authorities to the effect that World War I produced Communism in Russia; that World War II produced Communism in Eastern Europe and China; and that World War III will see the victory of Communism throughout the world.

f. There is ample reason to believe that the Kremlin regards its growing atomic capability to be the major force which will eventually place them in position to liquidate the center of hard-core opposition—the United States—utilizing all means at their disposal, including military action.

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COMMUNISM IN SOUTHEAST ASIA

The Chinese Communist regime in Peiping is already taking active measures to support the "national liberation" movements throughout Southeast Asia. Moral and material aid is being furnished in varying degrees and in general the Chinese Communists are strengthening their ties with local Communist movements and are gradually welding the Overseas Chinese communities into useful instruments of Chinese Communist policy. The degree of Communist penetration and current trends in Chinese Communist relations with the several Southeast Asian states are summarized below.

Indochina Although the Ho regime has been receiving some support from the Chinese Communists in the form of arms deliveries and the free movement of resistance troops back and forth across the China border, there is no firm evidence that the Chinese Communists are moving their own troops across the border or planning to do so in the near future. Politically, the Chinese Communists and the Ho regime have accorded each other de jure recognition, but have not as yet exchanged diplomatic missions or concluded any form of treaty or agreement. Steps may soon be taken (or may already be in process) to formalize these relations; when this occurs, Chinese Communist support for the Ho forces will probably increase.

Thailand Thailand has not recognized the Peiping regime and has shown, of late, a rather firm disposition to resist Communist psychological pressure. The Peiping regime does not appear especially interested in establishing diplomatic relations with Thailand, even though such a move could facilitate the acquisition of Thai rice. Within Thailand,

- 5 -

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as elsewhere in Southeast Asia, the Overseas Chinese community continues to be a special target of Chinese Communist propaganda and organizational activity. Communist agents are proceeding with a program of infiltration, not only of the Chinese community, but also of trade unions, youth groups, and other organizations which can be exploited to the disadvantage and embarrassment of the Thai Government. If Thailand should receive US military aid or participate in a non-Communist association of Asiatic states, the Chinese Communists would increase their pressure on Thailand through propaganda, and possibly through the stimulation of internal disturbances.

Malaya There is evidence that the Chinese Communists have been infiltrating agents into Malaya to support the terrorist movement and to gain influence in trade unions and other organizations. The Malayan Chinese, who make up nearly half the total population of the Malayan peninsula, are responding favorably to Chinese Communist efforts to win support and sympathy for Peiping, and the morale of the terrorists appears to have risen somewhat as a result of the growing prestige and aggressiveness of the Chinese Communists. Chinese Communist support for the "liberation" movement in Malaya, however, is complicated by the fact that the terrorist organization is composed almost exclusively of Chinese and is opposed as much by the native Malaysians as by the British, with the result that Communist propaganda in favor of Malayan nationalism has a rather hollow sound. The campaign to win the Chinese half of the population to the Communist cause will continue in vigorous fashion and will succeed in proportion as the Peiping regime can solve its internal problems and maintain the prestige of a dynamic political movement. There is, however, no early prospect that the Chinese Communists will recognize the terrorists as the "government" of the Malayan peninsula.

- 6 -

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Burma Burma recognized the Chinese Communist regime on 17 December 1949, but the establishment of diplomatic relations between the two governments has not yet been accomplished. As a result of the establishment of a "purified" Burmese Communist regime at Prome, the Peiping regime may stall on the formalization of its relations with Burma in the hope that the Prome regime survives and flourishes. Peiping may then recognize that regime as the "government" of Burma, and ignore the Rangoon authorities altogether.

Indonesia Although the USI on 4 April 1950 received a communication from Peiping expressing the Chinese Communists' willingness to establish diplomatic relations with the new republic, and Premier Hatta expressed agreement to such a step, the Chinese Communists have made no further moves in this direction, nor have they given any publicity to the matter. Despite internal instability, the USI does not appear to be vulnerable in any important degree to armed Communist activity, nor could armed groups receive significant assistance from the Asiatic mainland. Communist strategy for the USI appears to turn on the establishment of diplomatic relations with Jakarta and the eventual staffing of Soviet and Chinese Communist missions there, from which organizational and propaganda work will be carried on among both the Overseas Chinese and native Communist and leftist movements. The USI will delay the actual exchange of diplomatic missions with both the USSR and the Peiping regime as long as possible because of a keen awareness among many USI officials of the dangers of allowing Communist officials from abroad to establish direct contact with local dissident elements.

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The Philippines The Philippine Government has not recognized the Chinese Communist regime and has given no indication that it will do so in the near future. The Philippine response to the establishment of a Communist state on the Chinese mainland has been mainly one of fear that the Overseas Chinese in the Philippines would align themselves with the Chinese Communists and become a menacing fifth column within the islands. The Quirino regime has taken steps to restrict Chinese immigration sharply and to deport Chinese who are under suspicion for illegal entry or subversive activities. There are some indications that the civil liberties of the Chinese community may be seriously abridged, a development which would draw the full wrath of the Chinese Communist propaganda machine. While conclusive evidence of direct Chinese Communist support for the local Huk rebellion in the Philippines is lacking, it is almost certain that some liaison exists.

- 8 -

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F A R E A S T

CHINA

Party Purge Friction between the Stalinist leadership and anti-Stalinist factions in the middle echelons of the Chinese Communist Party may soon lead to a public purge of selected anti-Stalinist Party figures. There is no reliable evidence, however, that the purge will extend to the Politburo or to the major Chinese Communist military commanders.

Party Chairman Mao Tse-tung has not wavered in his Stalinist orientation and his leadership does not appear to be challenged either by such firm Stalinists as the Party's number two man, Liu Shao-chi, or such allegedly lukewarm Stalinists as Chou En-lai. Even if a dispute should arise in the Politburo, it would probably be resolved, as in the past, without violence.

Within the Party's military hierarchy, it is not known whether any of the major field commanders are in fact anti-Stalinist. These military leaders, owing to the size and importance of their various commands, are still in a strong position in relation to the non-military Party leadership, and the Peiping regime will probably proceed with caution in efforts to restrict and reduce their authority further. None of the military leaders seems a likely candidate for purging at least until the completion of military operations against the Nationalists, which should see them safely through 1950. Beyond that time, Peiping will presumably be reluctant to take action against any one of the military leaders until assured of the fidelity or neutrality of all the rest, and until convinced that political indoctrination has made the troops loyal primarily to Peiping rather than to their old commanders.

- 10 -

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