MENORATION FOR THE PRESIDENT

The unification by the US, the UK, and France of their zones of Germany under a provisional government and the internationalization of the Ruhr under the control of the western powers presumably will be interpreted by the Kremlin as potential barriers to the basic Soviet objective of preventing the economic recovery of European countries outside the Soviet sphere.

As yet no conclusive evidence has come to light that the Kremlin believes the reorganization or unification of the western zones can succeed. If accomplished or will materially assist the European recovery program. In view of the complications inherent in the establishment of a provisional government under the London agreements, the US is likely to delay any counter-moves until the Kremlin is convinced that the western German organization is becoming a threat to Soviet foreign policy. In determining its course, the USSR will take careful note of: (1) the difficulties to be overcome by the US, the UK, and France in furnishing the new regime with proper political guidance and adequate and timely economic assistance; and (2) the extent of German cooperation or non-cooperation, particularly in the Ruhr.

The Kremlin's immediate reaction to the trizonal merger, will be more in the nature of an intensification of present Soviet activities in Germany rather than an abrupt change in either attitude or course of action. The USSR may be expected to continue its hindrance of western powers in Berlin and elsewhere in Germany by means short of military force. It will further consolidate Communist control of the eastern zone in an attempt to obtain a "Socialist" and "Democratie" state, which can eventually be declared a "free German" state or used to Sovietize a unified Germany. The USSR may be expected also to step up its propaganda efforts to discredit the western powers in German eyes as the disrupters and destroyers of Germany and to depict the Soviet Union as the champion of a unified Germany.

If the trizonal merger appears successful and promises to rehabilitate western Germany as well as contribute to the European recovery program, the Kremlin will probably be impelled to alter its present tactic. Exclusive of a resort to military force, the Kremlin can logically pursue one of two courses: (1) ostensibly abandon its rearmament and conscription; or (2) reject it by establishing an eastern German state.

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The Kremlin will probably resort to the course outlined in (1) and make a vigorous effort to persuade the western powers that the USSR is sincere in its promises of cooperation. The Soviet Union is likely to make a serious endeavor to join its zone to the western zones under a single government, unless western terms for Soviet participation in a new quadripartite structure are prohibitive. If the Kremlin concludes that it cannot make the concessions demanded by the western powers, the USSR will likely adopt course (2) and announce the establishment of a new state in eastern Germany with propaganda pretensions of being the only legally-constituted German Republic and the representative government of all Germans.

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ESTIMATE OF SOVIET REACTION TO GERMANY RENAMING
OF THE WESTERN ZONES

APPENDIX A & B

A - Discussion of possible Soviet courses (1)

Any suggestion by the USSR that it join the western
powers in the quadripartite control of a unified German govern-
ment would be made with the full realization on both sides that
past Soviet obstinacy, chiefly in the matter of economic unifi-
cation, had exhausted the patience of the US, the UK, and France,
and had led directly to the present tripartite action. The USSR
will realize, too, that the western powers would be extremely
reluctant to abandon their program for the western zones either
to please the Soviet Union or to take part again in fruitless
discussions in an impotent Allied Control Council or elsewhere.
It is probable, therefore, that any Soviet overture would be
carefully worded to give the impression that the USSR had aban-
doncd its previous intransigent attitude, and sincerely believed
its own propaganda for German unity. The overture would seriously
urge the western powers to consider an overall political and eco-


dications that the merger of the Soviet Zone into the West German administra-
tion of a unified Germany would assure the existence of a Communist-controlled
block which could be relied upon to delay and block economic
recovery throughout the country. Under these conditions, the
USSR might also offer, largely for German domestic consumption,
to reduce or drop some Soviet reparations claims, or even pos-
sibly to consider substantial reductions in the occupation
forces after a "democratic" state had been firmly established.

If the western powers should permit the USSR to join
in a quadripartite zone merger without first having absolute
and therefore practically impossible clarification of Soviet
intentions, the USSR, either directly or through its German
representatives, would work actively to defeat western plans
by such actions as: (1) demanding a Soviet voice in the control of the Ruhr; (2) proposing that all political organizations not now permitted in various areas be recognized on a quadripartite basis; (3) urging similar recognition of the Communist-dominated Free German Trade Union League in order to facilitate future Soviet control of a unified labor movement, particularly in the Ruhr; and (4) supporting rightist as well as leftist political elements in the west in order to add strength to the Soviet-controlled bloc.

B - Discussion of possible Soviet course (2)

The present high degree of Soviet control over the eastern zone of Germany would greatly facilitate the conversion of that area into a satellite state, if the Kremlin decides to retaliate by setting up a provisional government in eastern Germany. No serious opposition could arise within the zone to the appointment, under the pretense of popular elections, of Soviet candidates to the leading positions in the new state. The creation of such a state, however, would give the USSR no immediate benefits beyond those now derived from the zone area. Long-range benefits would be dependent upon the acceptance by opportunistic Germans of transparent Soviet propaganda designed to depict the Soviet-sponsored state as a restoration of the Reich. The USSR would attempt to undermine the tripartite German state by urging the western Germans to rejoin the Reich. Except for the questionable value of such propaganda, the USSR would have at its disposal only strikes and sabotage with which to interfere with the economic and political recovery of western Germany.

A satellite state, in short, would promise the USSR neither additional economic nor political benefits of any magnitude, and would fall short of the immediate objective of blocking the western power program. Such a state would guarantee continued racial autonomy and allow the western powers to continue their independent course without serious Soviet interference.