

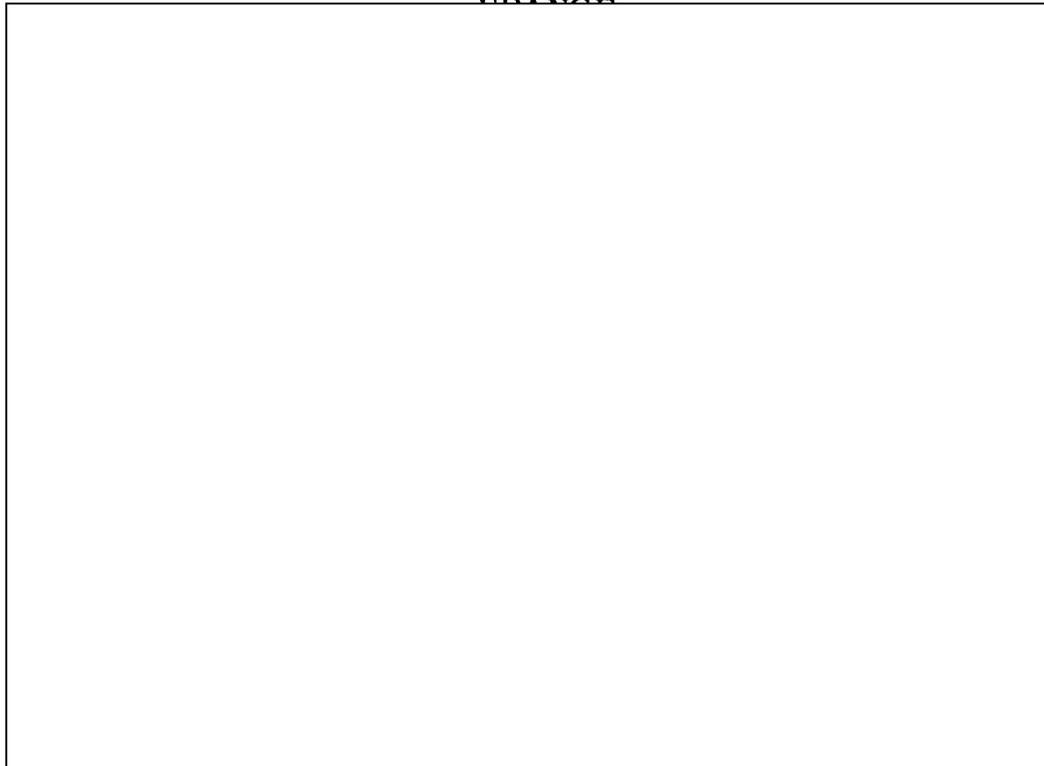
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7 April 1950

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All-German Elections Initial treatment in Soviet propaganda media of US and West German statements favoring all-German elections indicates that the USSR does not intend to make a formal proposal of its own, at least until the Western Powers approach the USSR officially. Realizing that all-German elections under conditions acceptable to the West would gain nothing for the USSR and would jeopardize Communist control of East Germany, the Kremlin considers it more profitable to temporize

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by: (1) branding the Western proposals a "diversionist" maneuver stemming from Western fear of the growing success of the National Front campaign for German unity; and (2) countering the effect of the proposals in Germany by constant references to the "truly free" elections to be held in East Germany in October 1950. Having committed itself to a propaganda line advocating German unity, however, the USSR, if approached officially by the West on the all-German election issue, will probably feel it necessary to make a formal counter proposal. Such a counter proposal would embody conditions clearly unacceptable to the West and would simultaneously attempt to convince West Germans that the USSR was the only true champion of German unity.

Berlin Morale Recent West German and Western Power decisions and actions will improve the economic situation somewhat in the Western sectors of Berlin, bolster popular morale, and strengthen popular resistance to Communist pressure. In the economic field, Berlin will benefit temporarily from recent ECA grants of counterpart funds, additional allocation of funds from the Bonn Government, and special trading privileges granted to West Berlin business concerns. Various propaganda proposals now being considered will further improve morale. A Western proposal for all-Berlin elections would counteract current Soviet propaganda by: (1) exposing the insincerity of the forthcoming Berlin Youth Rally if the USSR rejects the proposal; or (2) paving the way for complete freedom of campaigning throughout Berlin and the establishment of the Berlin Kommandatura (with the veto power eliminated) if the USSR accepts the proposal. Such proposed moves as the West Berlin Freedom Fair, the moving of some Federal Republic offices to Berlin, and Adenauer's April visit to the city will momentarily encourage West Berliners. Basically, however, Berlin will remain a deficit area particularly vulnerable to Soviet harassment.

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