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INTELLIGENCE SUMMARY

For Week Ending
10 November 1948

Vol. III No. 44

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NEAR EAST/AFRICA BRANCH
OFFICE OF REPORTS AND ESTIMATES
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GREECE

Although Prime Minister Sophoulis has decided to resign as soon as the UN finishes its consideration of the Greek case, the dissident politicians who forced him to this decision are unlikely to effect any drastic changes in the present Liberal-Populist coalition. Sophocles Venizelos, the insurgent Liberal who has been chiefly responsible for the present crisis, has won little support for his concept of a government which would be above party politics; he is probably too distasteful to the Populists to be brought into the Cabinet and has also lost favor with the Liberal party leadership under Sophoulis. The Rightist bloc of Zervas and Gonatos (both of whom have cooperated with the Populists in the past) could bring votes to a new coalition but will probably remain unrepresented because of Zervas' dubious international reputation. Thus the new government will probably represent an attempt by Sophoulis and Populist leader Tsaldaris (who remain pledged to cooperate with each other) to augment the bare majority the coalition now possesses by obtaining additional support from center elements in the National Assembly. The Centrist leaders Papandreou and Canellopoulos command enough votes to insure continuation of the coalition, are free of unpleasant associations which would damage Greek prestige abroad, and could probably be persuaded to support present coalition policies.

The Greek Army's inability to maintain the offensive is providing the guerrillas with ample opportunity to create a maximum of internal disorder and to build up their reserves for the winter. About half of the army's effective combat strength is now committed to containing guerrilla border concentrations; the remainder, scattered thinly throughout northern and central Greece, is unable to provide adequate protection of the communications, road reconstruction projects, and villages and towns which the guerrillas select for sabotage raids and lightning attacks. Forced recruiting, particularly in the Peloponnesus, is going forward on such a scale as to substantiate reports that the guerrillas intend to double their strength by January. Now that the Greek question is before the UN, the guerrillas are also increasing their attacks in areas far from the northern borders so as to "prove" to the world that Greece's troubles are purely internal. Meanwhile, the Greek Government's efforts to improve the military situation have bogged down. Although country-wide martial law was recently authorized, details for its

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Implementation have yet to be worked out. The reorganization of army units necessary for new offensive action has scarcely begun. Discussions for the appointment of a supreme Commander in Chief have been postponed until after the current political crisis has been resolved.

TURKEY

Soviet efforts to use the Greek Orthodox Church as a medium for persuasion and propaganda have undoubtedly received a setback with the election of Athenagoras, Archbishop of North and South America, to the Ecumenical Patriarchate at Istanbul. Under Maximos V, Athenagoras' predecessor as ranking prelate of Greek Orthodoxy, Patriarch Alexei of Moscow made persistent efforts to assume the initiative in church affairs and quietly to persuade church dignitaries throughout the Near East that Greek Orthodox interests were well served by Moscow. Although Maximos opposed these attempts to usurp his prerogatives, he has been so sickly during the last two years as to be sometimes wholly ineffectual; such leading church dignitaries as the Patriarch of Antioch reportedly warmed to Alexei's advances. Alexei will probably make new attempts to win friends and influence patriarchs in the Near East, to the accompaniment of Soviet denunciations of Athenagoras (who became a US citizen during his long stay in New York) as a US tool. Nevertheless, the more vigorous Athenagoras can be expected to be far more effective than his ailing predecessor in asserting the leadership of the Ecumenical Patriarchate over the Greek Orthodox world.

IRAQ

The recent £ 1 million advance made by IPC (Iraq Petroleum Company) to the Iraqi Government may not be sufficient to prop the country's tottering financial position. The original Iraqi request to the British Treasury was for the sum of £ 3 million, an amount which financial experts familiar with the situation consider a necessary minimum. Though the Treasury professed itself unable to be of assistance, the British Government did take the lead in arranging for the IPC advance.

The present circumstances seem ideally suited to enable IPC to gain kudos and at the same time to follow a course which appears sound from a hardheaded business standpoint. The petroleum resources of Iraq are estimated at 8 billion barrels, representing a potential asset of perhaps \$16 billion. To protect this asset, IPC might offer to advance sufficient funds to meet Iraq's present needs, such funds to be charged against future oil royalties. In view of IPC's plans for expansion, these royalties should be very substantial within the next few years. Again,

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looking at the move strictly from the point of IPC's self-interest, such a gesture might calm the current agitation for a renegotiation of the royalty rate. A precedent for the practice can easily be found. ARAMCO made substantial advances to the Saudi Arabian Government before royalties from current production were sufficient to meet the Saudi Government's needs; as a consequence, relations between the government and ARAMCO are very cordial.

IRAN

The vacancy left by the resignation of Prime Minister Hajir has been filled with unaccustomed promptness by the Majlis. Nevertheless, there is no indication of how long Mohammed Saed, the new prime minister, will have the support of the deputies who voted him into office and thus be able to prevent recurrence of the near-stagnation in government which drove Hajir out of office. Although Saed is an experienced politician who appears to get along well with the Shah, he has only limited executive ability and has not demonstrated the high degree of political astuteness and forcefulness needed to wring any legislation out of the Majlis as currently constituted. Saed is considered honest and patriotic and, although he may try to capitalize on his experience as Ambassador to the USSR by attempting to better Soviet-Iranian relations, can be expected to continue Iran's policy of collaboration with the US. During his previous period as prime minister in 1944, Saed flatly refused to grant the USSR an oil concession and later, as a member of the Majlis in 1947, argued strongly against the proposed Irano-Soviet Oil Company.

AFGHANISTAN

The outward unconcern with which Afghanistan formerly viewed the USSR is apparently being displaced by a sharp appreciation of the danger of Soviet aggression. Despite the Afghan Government's only partially resolved differences with Pakistan over the Pathan tribesmen, the two governments are now negotiating a reciprocal military agreement, directed primarily against the USSR, in which Pakistan would be permitted to send troops into Afghanistan to help resist an invasion. At the same time the US Military Attache in Kabul has observed a new spirit of cooperation on the part of hitherto reserved Afghan military and gendarmerie officials. Also Afghan representatives in Washington have been seeking US technicians for Afghanistan's development projects despite the suspicion with which the USSR regards US personnel already in the country.

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NOTED IN BRIEF

The Greeks are very resentful over Australia's proposal in the UN that Greece get together with its satellite neighbors in an attempt to resolve border difficulties. They feel that satellite intransigence has been amply demonstrated, that any promises the satellites might make could not be relied on, and that Greece might be maneuvered into granting valuable concessions. Moreover, the Greeks do not wish to expose themselves to the propaganda attacks which would follow their refusal to accept the satellite terms or to be the scapegoat for what they consider Western failure to stop satellite aid to the guerrillas.

..... A rising cost of living in Greece is again undermining the precarious wage-price equilibrium. It also threatens to bring a new round of strikes, increase the budget deficit, and retard economic rehabilitation. The Greek-Italian treaties of friendship, trade, navigation, and conciliation, signed at San Remo 5 November, leave only final agreement on reparations still to be reached by the two countries. By signing the accord, Foreign Minister Tsaldaris has added a much-needed feather to his cap, after failing in his Paris mission to obtain decisive UN action on the Greek problem.

..... Turkey no longer grants exit visas to Jews wishing to go to Palestine and has canceled the visas already issued, presumably in response to Arab objections that fighting men were being provided to augment the Israeli forces. The Turks have no desire to participate in the Arab-Zionist controversy, and they particularly wish to do nothing which might destroy the friendliness of their Arab neighbors to the south. Once again Turkey has halted imports from sterling countries, presumably (as was the case last year, on the first such postwar occasion) because sterling balances are too high. The prohibition will probably last until the UK manages to buy enough Turkish products to liquidate or substantially to decrease Turkey's excessive sterling holdings. Direct negotiations between Israeli and Transjordan delegates, according to the Paris radio, have taken place in Jerusalem. Whether or not true, the broadcast represents the first public announcement that at least some of the Arab leaders are willing to have dealings with Israel. It may be the first step in a softening-up process designed to bring the other Arab states into line, and may also serve as a trial balloon to test popular Arab reaction to the possibility of a negotiated settlement in Palestine. The Security Committee of the Israeli Parliament has dissolved the separate headquarters of the Palmach, crack striking force of the Israeli Army, in a ruling which forbids political backing of any unit of the army. The Committee's action was probably inspired by the Mapai (Palestine Labor Party), Israel's dominant party, as a move against its strongest rival, the socialist Mapam (United Labor Party), which has reportedly been giving its

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support to the Palmach. The Communist "Manifesto," distributed in Damascus on 6 October, has now made its appearance on the streets of Baghdad. The public reaction in both cities has been apathetic. Soviet support for the Arab position on Palestine will be sought by Riyadh Sulh, Lebanese Prime Minister and UN delegate, according to a message he has sent to his government. He has also suggested that Lebanon recognize the Warsaw Government as a tactical move in the UN discussions. Further indication of Arab disillusionment with the West is the reported statement by Ahmed Sharabati, former Syrian Minister of Defense, that he intends to return to politics on a program of opposition to Western oil interests and closer collaboration with the USSR.

. . . The US delay in supplying the Saudi Arabian Airlines with spare parts has given British air interests the opportunity to gain a foothold in the kingdom. British representatives are presently engaged in demonstrating Viking "plush jobs" to Saudi officials. Saudi purchase of British planes would necessitate a stocking of an entire new supply of parts and the probable hiring of British personnel, thereby jeopardizing US connections with the line, now operated by TWA.

. . . Iranian officials are concerned over the success of the pro-Soviet Tudeh Party's current membership drive. Increases in Tudeh sentiment have been particularly noticable in the schools and universities, where faculty members as well as students have been won over to the party.

. . . The Anglo-Iranian Oil Company and the Government have completed in what is described as a "spirit of mutual and sincere cooperation" preliminary negotiations for the revision of the company's concession agreement which Iran has been seeking. Discussions of the proposed revision are scheduled to be resumed in January 1949.

. . . India and Pakistan have concluded a trade agreement by which Pakistan will deliver cotton and grain in return for Indian cloth, coal, steel, and other commodities. Both dominions have urgently needed such an exchange plan, and the agreement in no way indicates that a general political settlement is approaching.

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