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OFFICE OF REPORTS AND ESTIMATES  
CENTRAL INTELLIGENCE AGENCY

WORKING PAPER

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Document No.                       
NO CHANGE in Class. ☐                       
☒ DECLASSIFIED  
Class. CHANGED TO: TS S C  
DDA Memo, 4 Apr 77  
Auth: DDA REG. 77/1763  
Date: 9 MAR 1979 By: 011

Copy for: *Library*

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INTELLIGENCE SUMMARY

For Week Ending  
2 February 1949

Vol. IV No. 4

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## INTELLIGENCE SUMMARY

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## GREECE

Guerrilla "peace offer;" The Markos truce proposal of 27 January was similar to previous offers and appears to have been designed mainly as propaganda. The broadcast was probably intended to convince any doubting rebels of the guerrillas' desire for an end of hostilities, to discredit the Greek Government for refusing a "reasonable" peace, and thus to lower the morale of Greek soldiers and civilians. As the timing of the proposal indicates coordination with Moscow's current "peace offensive," the broadcast may also have been aimed at: (1) delaying US Congressional action on the 1949-50 Greek aid program; and (2) paving the way for a possible Soviet move either to seek an internationally imposed settlement in Greece favorable to the Communist or to justify increased Soviet-satellite support of Markos.

With such pseudo-peace proposals Markos continues to hold the propaganda initiative, but these tactics win him few new supporters. It is not likely that he expected the Greek Government to accept his proposals. The government has declared more than once that it can accept only an unconditional surrender from the guerrillas. Moreover, most of the Greek people are opposed to any compromise which might result in Greece's becoming "another Czechoslovakia."

## PALESTINE

Rhodes impasse: The signs of deadlock emanating from the Rhodes Conference have a discouragingly reminiscent quality. On three previous occasions during the past year there has been a brief flareup of hostilities, followed by a UN-decreed cease-fire and then a fruitless effort by the UN to persuade the belligerents to compose their differences; the imminent completion of this cycle for a fourth time indicates that serious difficulties remain in the way of a settlement. Although the Rhodes talks between Israel and Egypt have not yet broken up, their failure to achieve an armistice will probably have an adverse effect on Israel's negotiations with Transjordan and Lebanon, which have been held up pending the Rhodes outcome. Transjordan and Lebanon are more interested in a final settlement than the Egyptians (whose willingness to negotiate at all was given exaggerated emphasis), and these two countries will

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probably engage in new talks with the Israelis at Jerusalem if not at Rhodes. Nevertheless, the two Arab governments have failed to reach agreement with Israel thus far, and considerations similar to those which blocked an Israeli-Egyptian deal will continue to affect their bargaining. Although the decision of the UK and the major Western European countries to recognize Israel may impress the Arabs, it will not necessarily dissuade them from believing that continued stalemate, even at the risk of further Jewish aggression, is preferable to open abandonment of their claims. King Abdullah, who has stressed his desire to bargain, may go further than the others toward compromising with the Israelis, particularly now that he has received the moral support of US recognition. Even if Abdullah ignores the more extreme claims of the other Arab states, however, his desire to obtain the best possible terms, as fostered by the British, may well impede a prompt settlement, even for his limited sphere of Palestine.

## ISRAEL

Israel's elections: Israel's first general elections, held on 25 January, provided few surprises except as it indicated the weakness of the present regime's more extreme opponents. While Prime Minister Ben-Gurion's moderately socialist MAPAI organization, which has dominated the coalition from the start, was polling 37.8 percent of the 427,027 votes cast for a total of 44 out of the 120 Constituent Assembly seats at stake, Beigin's right-wing Freedom Party, the most vociferous opponent of the government, was able to win only 14 seats; the Communists elected a total of 4 delegates (2 Jewish and 2 Arab), and the Stern Gang succeeded in electing only its leader Yellin, now in jail for terrorism. MAPAI has some differences of opinion with the two groups from which it must gain the support needed for a working majority. MAPAM, whose 18 seats make it the Assembly's second largest party, is more cordial to the USSR (and less so to the US) than MAPAI, while the United Religious bloc, which elected 17 delegates, wants the state to have a strongly religious character. MAPAI's mandate from the people is strong enough, however, to enable it to form a coalition capable of repressing manifestations of ultra-orthodoxy or exaggerated leanings toward the USSR on the part of the other elements in the government. Although MAPAM is already in the government, some friction with MAPAI has arisen. Ben-Gurion, therefore, might wish to drop MAPAM from the coalition, obtaining the necessary support from the United Religious bloc and the two small center parties, the General Zionists and the Progressives.

## EGYPT

Wafd still out of coalition: Recent negotiations to strengthen the government by providing cabinet representation for the Wafd, Egypt's largest political party, appear to have reached a dead end, although neither the palace nor the Wafdists wish to end their negotiations on

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the subject. The King and his advisers have shown an unusually conciliatory attitude toward the Wafd this time, and the difficulty appears to arise chiefly out of dissention within the Wafd Party itself. A minority in the party would welcome participation in the government in order to help obtain a prompt election. The dominant faction, however, wishes to continue the party's two-year-old "hands off" policy in order to avoid sharing responsibility for either the Palestine problem or the current ban on the Moslem Brotherhood.

## KUWAIT

Off-shore oil: The American Independent Oil Company (AMINCO), which recently obtained the concession for Kuwait's interest in the Neutral Zone, has run afoul of the Kuwait Oil Company (KOC), holder of the concession in Kuwait proper, on the subject of off-shore oil rights. Neither concession treats of off-shore rights, and as a result both AMINCO and KOC have laid claim to drilling rights on several of the small islands in the Persian Gulf. KOC has received the support of the British Foreign Office, which feels that confirmation of AMINCO's claims would extend the sovereignty of Saudi Arabia (which shares Neutral Zone rights with Kuwait) and thus strain Saudi-Kuwait relations. Inasmuch as the UK controls Kuwait's foreign relations and also holds a part interest in KOC, it may be that AMINCO will find too many big battalions arrayed against it, particularly since the US has thus far been unwilling to intervene in the dispute.

## NOTED IN BRIEF

Markos has finally succeeded in forcing the Greek Army to weaken its offensive in the Peloponnesus. The army's crack commando units have now been sent north from the Peloponnesus to aid in the recapture of Karpention, which the guerrillas have held since 20 January.

\* \* \*

The Communists in Cyprus have recently dropped their demands for Cypriot self-government and taken up the popular cry for Enosis (Union with Greece). While this shift may reflect a more optimistic view of Communist progress in Greece, its immediate purpose is to increase Communist chances in the April municipal elections.

\* \* \*

The first of the USSR-bound Italian reparations vessels has transited the Turkish Straits, and the battleship GULLIO CESARE and other vessels are scheduled to depart from Italian waters as soon as the UK is satisfied regarding return of the battleship ROYAL SOVEREIGN,

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which was borrowed by the USSR under Lend-Lease. The present arrangements are that the remaining Italian vessels will hoist the Soviet flag at Valona Bay, Albania, thus avoiding violation of the Montreux Convention regarding passage through the Straits of warships of non-Black Sea powers.

\* \* \*

Satellite diplomatic relationships with Turkey are being placed on a more correct basis. The Turks, who had begun to wonder whether an organized movement was occurring when the chief of several satellite diplomatic missions left Ankara recently, have now been approached with requests for agreements for a new Yugoslav Ambassador and a new Bulgarian Minister.

\* \* \*

In closing all government schools in Iraq from 25 January to 5 February, ostensibly for the "mid-year holiday," the Iraqi Government is probably acting in fear that large-scale student demonstrations, in memory of the "martyrs" of January 1948 will take place if the schools remain open.

\* \* \*

The overwhelming vote of confidence recently given to the Lebanese Cabinet by the Chamber of Deputies indicates that Lebanon's newly formed parliamentary opposition is too weak to effectively oppose Prime Minister Sohl, who apparently will be able to continue to head the government as long as he desires.

\* \* \*

Although civil disturbances are common in Ethiopia, the government is desperately trying to prevent news of recent disorders from getting outside its borders, lest that the countries favoring cession of the southeastern portion of Eritrea to Ethiopia may have a change of heart if they believe Ethiopia cannot keep its house in order.

\* \* \*

The Sinclair Oil Company has had no friction with either the Ethiopian Government, the Somali tribes, or the British Military Administration since its recent resumption of operations at Wardere in the Ogaden. Actual drilling for oil has been retarded, however, by the serious difficulty encountered by the Sinclair exploration party in its search for adequate supplies of water. If, as predicted by some

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experts, the amounts needed for oil operations will not be found above sea level (i.e., at a depth of about 1,400 feet), heavier water drilling equipment will have to be brought from the US.

\* \* \*

Prime Minister Nehru's public statement of 26 January, emphasizing India's intention to steer clear of "power blocs," elasticity of its relationship with the Commonwealth, and the possibility of further regional action on Indonesia, represented no departure from his previous speeches on foreign policy. The statement was probably motivated by a desire to counter criticism within India of the government's policies regarding Commonwealth relations and alleged foreign pressure for moderation at the Asian Conference.

\* \* \*

The situation in Kashmir has remained generally quiet, although minor incidents have occurred along the borders of west and east Punjab. Indian and Pakistan Army officials met at different points in Kashmir last week to work out adjustment and distribution of local defense troops.

\* \* \*

A dock workers strike which threatens to break out at Mombasa, the chief seaport of Kenya, may disrupt the export of three commodities needed for US strategic stockpiling, sisal, pyrethrum, and kyanite.

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