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DOS, DIA reviews completed

GENERAL

1. Possible Soviet plans for Poland-- JS Ambassador Smith in Moscow believes that the provisions in the new Polish-Soviet economic agreement for the investment of capital equipment by the USSR in Poland and in Polish-administered Germany reflect a long-range Kremlin decision "never to let go of eastern Germany" and to develop Poland as the first Satellite to be incorporated into the USSR. Smith adds that "if the east-west cleavage continues and deepens, the absorption of Poland might well take place in the not too remote future."

(CIA Comment: CIA concurs in the belief that the USSR intends to hold eastern Germany and eventually to incorporate the Satellites into the USSR. However, because absorption of Poland would increase anti-Communist opposition and add to the security problem of the USSR, the Kremlin will probably not order such a step until all latent opposition to such a plan has been eliminated.)

EUROPE

2. FRANCE: Bidault says next 90 days critical--Foreign Minister Bidault has stressed to US Embassy Paris the critical character of the next 90 days, but he is convinced that "come what may," the Communists will not come to power. He added that continued US support of Schuman would have great influence on the wealthy French bourgeoisie who are now withholding support from the Schuman Government.

Blum's views on French political situation--Leon Blum has expressed to US Embassy Paris his opinions that: (a) the

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present Government is harmonious and has a "good chance of muddling through" the immediate vital period; (b) the Communists are trying to maneuver De Gaulle into power before making their own bid for authority; and (c) if De Gaulle returns to power, he would be obliged to "wring the Communists' neck" and in so doing would have the overwhelming support of the French people.

Blum also expressed the "conviction" that the USSR does not have the power and consequently the will to risk war at the present time by intervening in support of the French and Italian Communists.

(CIA Comment: Blum's statement indicates that the possibility of continued difficulties between the Socialists and other parties in the Cabinet has been reduced. CIA concurs with Blum's estimate of Communist strategy as well as with Blum's views on De Gaulle's probable course of action against the Communists should the General come to power.)

Possible decline in De Gaulle's rightist support--US Ambassador Caffery has learned from General Catroux, a leading Gaullist supporter, that De Gaulle has rejected Catroux' request for Gaullist support of the Schuman Government. De Gaulle's reported view is that the present government will fall shortly, and that any subsequent coalition government will also fall, leaving De Gaulle as the only alternative. Catroux believes that De Gaulle is making a serious error and reports that he has received the impression from various political and military leaders that they share this view.

NEAR EAST-AFRICA

3. GREECE: Guerrilla use of subs and planes considered unlikely--US Naval Attache Athens--after assessing radar plots, observation reports, and other available data--concludes that there is no real evidence to support continuing rumors that the guerrillas are using submarines and planes. The NA points out that use of submarines and planes requires considerable technical skill and the consequent risk, hitherto avoided, of using non-Greek personnel in Greece.

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4. **PALESTINE:** Full-scale Arab effort reported for end of March --
The Counselor of the Lebanese Legation has conveyed to the Embassy London his belief that full-scale Arab operations in Palestine will start at the end of March instead of early in May as previously planned.

(CIA Comment: CIA believes that Arab military activities will increase in intensity in the near future but that "full-scale" operations are not likely to get under way until the UK relinquishes the mandate on 15 May -- and even then only in those areas which UK troops have already evacuated; [redacted] [redacted]

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FAR EAST

5. **FRENCH INDOCHINA:** Bao Dai to confer with Viet -- US Ambassador Caffery has been informed by a reliable French Foreign Office source that Bao Dai's present plan is to call a meeting in Hongkong of the leaders of all Vietnam political, religious, and economic groups, including "even rightist elements" of the Viet Minh, in order to inform these leaders in detail of his agreement with High Commissioner Bollaert. Source indicated that Bao Dai would also suggest the formation of a provisional government which later would invite him to return to Vietnam. The Foreign Office official declared that he and Bao Dai were both uneasy about the success of the plan.

(CIA Comment: CIA believes that support for Bao Dai in French Indochina is not yet strong enough to insure the success of the above plan.)

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