

WJH

NEAR EAST/AFRICA DIVISION
OFFICE OF REPORTS AND ESTIMATES
CENTRAL INTELLIGENCE AGENCY

WORKING PAPER

DEC 14 1949

NOTICE: This document is a working paper, not an official CIA issuance. It has been co-ordinated within ORE, but not with the IAC Agencies. It represents current thinking by specialists in CIA, and is designed for use by others engaged in similar or overlapping studies. The opinions expressed herein may be revised before final and official publication. It is intended solely for the information of the addressee and not for further dissemination.

Copy for: *Chief*

DOCUMENT NO. 24
NO CHANGE IN CLASS.
 DECLASSIFIED
CLASS. CHANGED TO: TS S C
NEXT REVIEW DATE: _____
AUTH: HR 70-2
DATE 16 Nov 79 REVIEWER: 000514

~~SECRET~~

NEAR EAST/AFRICA DIVISION

Vol. IV No. 49

INTELLIGENCE SUMMARY

For Week ending
14 December 1949

TABLE OF CONTENTS

General

The internationalization of Jerusalem 1
UN resolution generally conceded to be unenforceable

Turkey

Wheat from Syria 2
Long-hoped-for deal only partially solves grain problem

Palestine

UN action for Arab refugees 2
GA resolution calls for less relief and more work

Iraq

Cabinet changes 3
No substantial shift in policy expected

India-Pakistan

Rumblings on Kashmir 3
Pakistanis getting restive over prolongation of stalemate

Noted in Brief

Greece, Turkey, Egypt, Saudi Arabia, Yemen, South Africa 4

~~SECRET~~

NEAR EAST/AFRICA INTELLIGENCE SUMMARY

GENERAL

The internationalization of Jerusalem: The over-all effect of the General Assembly decision fully to internationalize Jerusalem will be to add new elements of confusion to the already confused Palestine situation without achieving internationalization. Four factors contributed to the GA's unexpected adoption of the Australian resolution, which even its sponsors thought would not be passed: (1) the Vatican exerted sharp pressure on Catholic UN members to secure its passage; (2) the Soviet bloc supported the measure, doubtless with the hope of obtaining a voice in the Holy Land and of driving a wedge between the Anglo-American powers and the UN majority, and in order to register its displeasure against Israel's Western inclinations; (3) the Arab states saw a chance to put Israel on the spot; and (4) the Western Powers failed to display leadership in supporting any alternative solution.

Thus the UNGA finds itself committed to a measure which the majority of the delegates privately admit is unrealistic and unenforceable. The expected refusal of Israel and Jordan to cooperate with the Trusteeship Council or to permit the entry of a UN Commissioner into Jerusalem would effectively block implementation of the UN resolution. The SC would be empowered to act only if there should be a threat of or a recurrence of fighting in Jerusalem between Jordan and Israel. Such a development appears unlikely inasmuch as the recent GA decision does not affect the existing armistice between Israel and Jordan. These states are likely to work together, at least to the extent of preventing incidents which would present the SC with grounds for intervening in Jerusalem.

Nevertheless, the General Assembly resolution will have significant consequences. On the credit side (as far as the US is concerned), Israel may for the present modify its efforts to maintain a neutral position between the Soviet and Western worlds. The Israeli Government has already halted all further transfer of Russian church properties to the USSR, and there have been a considerable number of defections from the Israel Communist Party. On the debit side, the UN had laid itself open to charges of irresponsibility, and the effectiveness of its machinery in other aspects of the Palestine case will be seriously impaired. The

* This article is a joint product of D/In and D/NE.

~~SECRET~~

2

Palestine Conciliation Commission, which meets in Geneva in January to continue its efforts to lead Israel and the Arab states toward a comprehensive peace settlement, will certainly find Israel no more cooperative than in the past. Tel Aviv will almost surely intensify its efforts to negotiate directly with the Arab states, although there is little reason to believe that it is any more prepared now than formerly to moderate its major claims. With the exception of Jordan, the Arab states will take courage from Israel's defeat on the Jerusalem issue to maintain their policy of general intransigence and ostracism toward the Jewish state.

Now that the GA has passed the resolution, it is likely that search will be made for some formula permitting the UN to beat a retreat from its present difficult position. Former UN Mediator Bunche has already suggested that the Trusteeship Council might call on Jordan and Israel to state what action they are prepared to take to internationalize Jerusalem. On receipt of the expected negative answers, the Trusteeship Council could then report to the next GA its inability to implement its decision. Pending subsequent UN action, the peace of the city and the safety of the Holy Places and access to them will continue to depend entirely on Israel and Jordan.

TURKEY

Wheat from Syria: After months of negotiation, the Syrian Government has finally agreed to provide the Turks with 50,000 tons of wheat, in exchange for livestock and other surplus Turkish products. This agreement will alleviate the wheat shortage in Turkey somewhat. It is more than probable, however, that the Turks will still have to find considerable additional wheat in North America, earmarking more of their precious gold stocks (accumulated principally during the war) in financing the process. ECA credits have been helpful in this connection, but only to a limited extent, so that--with national elections only a few months distant--the Turks have already felt constrained to overcome some of their deep-seated reluctance to tamper with their gold reserves. No government in power can contemplate with equanimity the spectacle of voters going to the polls hungry.

PALESTINE

UN action for Arab refugees: Arab refugees will get less relief and more work if the UN resolution of 8 December is implemented. The resolution calls for a \$54 million program of works projects and relief;

~~SECRET~~

it envisages the gradual assumption of responsibility for both work projects and relief by participating Arab states and the eventual termination of relief. This emphasis on self-help will appeal to the member states of the UN which will have to vote funds for implementation of the new program. If successful, the program will reduce the necessity for outright relief by providing at least some of the refugees with worthwhile work, which in turn will benefit the economies of the Arab states. At the same time, the program may be expected to lay a basis for the ultimate resettlement outside Palestine of many of the refugees, although for political reasons the Arab governments will continue to demand that the refugees be permitted to return to their homes in Israel.

IRAQ

Cabinet changes: Ali Jawdat, the new Iraqi Prime Minister, appears to have won his point. A short time ago Jawdat (former Prime Minister and Minister to the US) agreed to accept the premiership on condition that Prime Minister Nuri Said and Defense Minister Shakir el Wadi were not included in the cabinet. This stipulation proved unacceptable to the Regent, who persuaded Nuri to continue in office. Announcement has now been made, however, the Jawdat will head a new government in which neither Nuri nor Shakir el Wadi will hold cabinet posts.

The change probably presages no significant alternation of Iraqi policy. It is unlikely that Jawdat's talk of reform will lead to any substantial progress toward that end inasmuch as most of the key posts in the new cabinet (notwithstanding the absence of Nuri and Wadi) are still held by old-guard politicians who may give lip service to progressive measures but who will undoubtedly drag their feet when it comes to a question of implementation. They will probably feel particularly indifferent toward the matter of reform now that Iraq's financial difficulties have been somewhat eased by UK loans, the increase in oil royalties resulting from the opening of the 16-inch pipeline to Tripoli, and the favorable progress of negotiations for an International Bank loan.

INDIA - PAKISTAN

Rumblings on Kashmir: Although almost a year has passed since the end of organized fighting in Kashmir, there are indications that the Kashmir issue may still be capable of producing serious trouble. In

~~SECRET~~

Pakistan, bitterness toward India has steadily grown in recent months, to a point where it is perhaps more intense than at any time since the Punjab massacres of 1947. In part, this sentiment arises out of several far-reaching factors not directly related to the Kashmir dispute: India's economic boycott of Pakistan following the latter's refusal to devalue its currency; the continued stalemate over the evacuee property issue; and the water rights dispute, which has been publicized in Pakistan as threatening to turn West Punjab into a desert again. Underlying the irritation regarding these matters, however, is a growing impatience with India's success in delaying the establishment of a fair plebiscite in Kashmir--a vote which the Pakistanis are convinced would be favorable to them. Unless the UN Security Council, in its forthcoming discussion of the Kashmir issue, unexpectedly makes more headway than did UNCIP, popular feeling on the subject will increase. Rumblings about the annexation of Kashmir by force are already noticeable, not only among the tribesmen, who would form the spearhead of such a venture, but also among the more stable working-class element in the Punjab.

The chances are that the Government of Pakistan, which well realizes that a war with India might prove to be suicidal, will be able both to control its own irritation and to nip in the bud any spontaneous flareup against India. Given the present popular mood, however, it is barely possible that the idea of seizing Kashmir might prove irresistible; under the circumstances, even the Pakistani Government might finally bow to the inevitable and give its official sanction to the movement.

NOTED IN BRIEF

While the Greek labor situation is still shaky, a temporary solution may be in sight. The government, which is the national collective bargaining agent, has made some concessions in the settlement of individual strikes, and has appealed to labor to suspend its claims and participate in joint government-labor-employer committees which will study and administer wage adjustments based on production and profit trends. Although labor leaders have scoffed at the committee plan as a mere delaying tactic, they may soon be inclined to accept a compromise after further proofs of government sincerity, in view of the impossibility of obtaining general across-the-board increases, the flagging rank-and-file response in the

~~SECRET~~

~~SECRET~~
5.

and December Athens-Piraeus strike, and the decision of the union of civil servants to cancel its plans for a general strike.

Celal Bayar, Turkey's chief opposition leader, is making such high-
own claims to popular support for his Democratic Party as to arouse
a suspicion that he really believes, to some extent, in what he says.
If such claims do, in fact, represent sincere belief rather than the usual
pre-election show of confidence, Bayar may well be letting himself in
for all the misfortunes that face the overconfident politico.

In Egypt, activities of the outlawed Ikhwan-el Muslimin are not expected
to have any significant effect on the forthcoming elections--even if the
Ikhwan should join forces with the Communists in creating pre-election
disorders. Nevertheless, the Ikhwan has already taken advantage of
the recent relaxation of martial law to stage a youth demonstration,
which is undoubtedly the forerunner of many more. The Ikhwan hopes
that such tactics will induce the government to release the remaining
700 Ikhwan internees and will also intimidate the Saadist candidates,
against whom the Wafdists have successfully turned the Ikhwan's wrath.

The Saudi Government has urgently requested ARAMCO for an advance
of half a million sovereigns, with repayment to be made by ARAMCO's
withholding 50,000 sovereigns monthly from oil royalties. The loan is
by far the largest advance ever requested by SAG, whose cash position
has obviously reached rock bottom. The request comes, moreover, at
a time when ARAMCO has begun to cut back its oil production. Dimin-
ished oil royalties plus indebtedness to ARAMCO point up the necessity
for a drastic revision of SAG's haphazard economy.

Yemen welcomes petroleum prospecting by British and American com-
panies, according to the Yemeni Minister of State, although Yemen is not
a very profitable oil area and it is doubtful whether prospecting would be

~~SECRET~~

~~SECRET~~

6.

followed by exploitation. The Yemeni statement remains significant, however, as indicating an unheralded change of heart on the part of Imam Ahmed toward the infidel intruder.

25X6

25X6

* * *

A severe financial crisis in the Union of South Africa has been averted-- at least temporarily--by a return of capital from the UK and by loans from US and Swiss banking organizations. The influx of capital, amounting to approximately \$100 million since devaluation, arises both from a movement of the funds of British companies to their Union subsidiaries and from the London purchase of booming South African gold mine shares. This eased sterling (soft currency) position is reflected in a relaxation of import restrictions on consumer goods. For the first half of 1950, imports of consumer goods from soft currency areas will be increased to 10% of the value of those for 1948, but no permits are to be issued at this time for imports from hard currency areas.

~~SECRET~~