

PSF OSS REPORTS ~~April~~^{May} - July ~~13th~~, 1944 SUBJECT FILE Box 168

OSS

May 20
~~April~~ ~~13th~~ - July ~~13th~~ 1944

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Letter	Donovan to Tully with attachments (Sanitized version is open)	7-4-44	A

FILE LOCATION

PSF: Office of Strategic Services, ~~April~~ ^{May} - July 13, 1944, Box ~~160~~ ¹⁴⁹

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

29 May 1944

MEMORANDUM FOR THE PRESIDENT:

I am attaching hereto copy of a dispatch received from our office in Bern, which I think may be of interest to you.

We will be glad to furnish the name of the individual from whom this information came, if you are interested.

G. Edward Buxton
G. Edward Buxton
Acting Director

Attachment.



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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

20 May 1944

GERMANY: Internal Reactions to Rumored Allied Occupation Plans.

What does "Unconditional Surrender" mean?

I have seen a report regarding the formation in the United States of a "Council for Democratic Germany". It would be very helpful to get some information on the personnel of this committee and how its activities are viewed. Also, what is the "sponsoring American group" to which the report refers?

Yesterday's press carried a rather sensational Reuter report from London about plans for the occupation of Germany, stating that General Eisenhower would be in supreme command of the occupation, and giving the names of his deputies. The report also set forth the difference between the program for the occupation of Germany, and countries such as France, Holland, Belgium, etc.. This subject has immense potential value from the angle of psychological warfare, and publicity should be handled with the greatest care. Unfortunately, this Reuter dispatch had the demerit of appearing to be authoritative, but at the same time

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- 2 -

left one very much puzzled, since the report indicated that there was no understanding with Russia on the subject. A second Reuter dispatch commenting on the occupation plans stated boldly that the Balkans were the sphere of influence of Russia. Whatever decisions are reached on the German occupation plans, when the time comes to make them public, this should be done with the greatest clarity and in an unequivocally official manner, and if possible Austria should not be lumped in with Germany or entirely overlooked, as was done in the Reuter dispatch.

This is in reply to your inquiry regarding the unconditional surrender formula as viewed from here. Recently this subject has almost disappeared from the German propaganda. Goebbels tried to make his case and did it fairly effectively, and has now turned to other issues. He certainly convinced some of the German people that unconditional surrender meant unmitigated misery and humiliation for the German people at large, and used the formula with some effect to stiffen German morale.

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- 3 -

Meanwhile, not much was done on our part to indicate what we meant exactly by the formula. It is standing alone. Meanwhile the Germans gave it their interpretation, while the authors of the formula never really told what it meant. If we mean by unconditional surrender -- and it's so stated -- that there would be no compromise with Naziism or German militarism in any form, but that we did not mean slavery for the German people, the formula might have done good. Several factors have tended to confuse the issue regarding the unconditional surrender formula. It is not understood that Russia is committed to it, and this tends to make people feel that there is a divergence between Russia and the West on the subject. Secondly, no one seems to know here whether it applies to the satellite states: Hungary, Finland, Bulgaria, Rumania. Many a Rumanian and Hungarian has asked me how his country could make an effective "unconditional surrender" to the Anglo-Saxons. Hungary walked the tight-rope hoping the time to surrender unconditionally to the West would come before the Germans did, but finally Germany took her over, and our friends there are either jailed, shot, or refugees. Thirdly, the Italian experience seems to indicate that unconditional surrender is not an entirely happy

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- 4 -

formula in practical application. It seems to be a sort of pious preamble to the real business to follow. The defeated country admits that it surrenders unconditionally, and then you proceed to work out the armistice terms, and, in the case of Italy, even make your unconditionally surrendered foe a co-belligerent in a few weeks.

In fact, viewed from here, the formula, standing alone and uninterpreted, does not seem to have been of great help. It was hardly necessary to adopt it to convince people that the United States and England would not compromise with Nazi Germany or its military clique.

Once adopted, however, the formula should not be dropped, but there are three things that might well be done. (1) Tell clearly what we mean by the formula. (2) Get Russia, on the basis of that interpretation, to accept and apply the same interpretation as the United States and England. (3) limit this application to those states -- Germany and Japan -- whose governments have freedom of choice. This is meaningless as applied to occupied or semi-occupied states, like Hungary, Rumania, and Bulgaria, and probably would have little value in our relations with Finland, if in fact it has any application here, in our case, since we are not at war with them.

(OSS Official Dispatch, Bern, via radiophone, 13 May)

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

3 July 1944

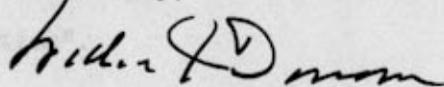
Miss Grace Tully,
The White House,
Washington, D. C.

Dear Grace:

Would you be kind enough to place
the attached memorandum before the President?

Thank you.

Sincerely,



William J. Donovan,
Director.

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

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OSS

3 July 1944

MEMORANDUM FOR THE PRESIDENT

I had a private audience with the Pope on last Wednesday. He discussed communism, Germany and Russia. I took up with him, at the request of Mr. Kirk, the question of the Japanese Embassy placing their radio transmitter in the Vatican.

He then expressed great interest in your re-election and at the end he asked me to say to you that he sends "all my heart's affection".

William J. Donovan
William J. Donovan
Director

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E. O. 11652, Sec. 3(E) and 5(D) or (E)

CIA 007622

By *WJ*

Date MAY 1 1974

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

3 July 1944

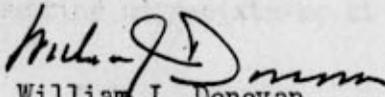
Miss Grace Tully,
The White House,
Washington, D. C.

Dear Grace:

I believe the President will be
interested in the attached memorandum. Will
you please see that it is placed before him?

Thank you.

Sincerely,


William J. Donovan,
Director.

PSF:DSS

OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

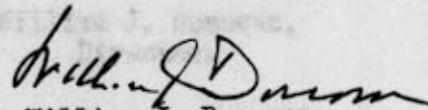
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3 July 1944

MEMORANDUM FOR THE PRESIDENT

Colonel Joseph Haskell, who heads our SO unit dealing with the Resistance Groups, is expected in this country in a few days. In view of the pending de Gaulle visit, I thought you might be interested in having me bring him over to see you. If you wish to see us, please let me know.

I make this suggestion because of the degree of importance which SHAEF, the British Chiefs of Staff and Mr. Churchill are putting on resistance at that end.


William J. Donovan
Director

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

4 July 1944

Miss Grace Tully,
The White House,
Washington, D. C.

Dear Grace:

Would you please place the attached
memorandum before the President?

Thank you.

Sincerely,

Bill

William J. Donovan,
Director.

DECLASSIFIED
E.O. 13526
Authority 7/14/09 CIA Oversight Visit
NARA PMH Date 6/10/2012

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

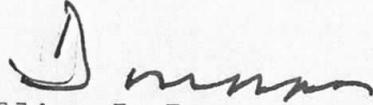
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4 July 1944

MEMORANDUM FOR THE PRESIDENT

Before D-day in France, I favored placing our espionage and intelligence people forward with corps and division. Instead it was decided to leave them back with army, which was the British plan. My objection to this plan was based on experience with former landings that there would be fluidity coming from the campaign, thus enabling us to infiltrate our agents. I talked to General Bradley at the beachhead on D plus 1 and was able to get some of our men ashore.

I believe the attached report from our chief intelligence officer there, dated 18 June 1944, will be of interest to you, and I send it as it came to me.


William J. Donovan
Director

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E.O. 13526

Authority 7/4/02 CIA Oversight Visit
NARA PMH Date 6/28/01 m~~CONFIDENTIAL~~~~SECRET~~

Authority 7/14/09 CIA Oversight Visit
NARA Pmt Date 6/18/2012

MEMORANDUM

SUBJECT: General Intelligence.

The striking fact from OSS operating view point is the open fluid nature of the front lines permitting large flow of civilians through the lines and the great demand of the Corps and especially divisions for trained assistance for espionage. Missions requested by VII Corps alone would occupy time of all the full S I Det. were it there. The front of the 4th Div. on the north is especially open. The 82 Airborne Div. itself is picking up civilians at random to go through. The next most striking operating fact is the complete unity of Intelligence and Action Activity of resistance group contacts locally. One cannot distinguish between SF and SI work - the local French members of old chains themselves make no distinction. These people, however, were chiefly engaged in Renseignements rather than Action in LaManche Dept. and the intelligence they can develop is the most important contribution they can make here now. G-2's of Corps and division ask our SO men for intelligence missions as well as G-3's requests for sabotage. Practically SI and SO are working on a joint basis, so as not to confuse all concerned, with the G-2 contact open to all, but attempted coordination through SI to Army G-2.

The third striking operational point is the general lack of interest - if not outright coolness on part of the Army G's to OSS espionage and other work, as contrasted to the heavy demands for help from Corps and divisions. Army is too high up - fighting the logistical battle - but leaving the conduct of operations largely to the Corps. The VII Corps particularly has the big job and is fighting its own war without Army interference.

Battle order and operational intelligence and what is being gathered re defenses of Cherbourg, troop concentrations, enemy C P's is not included in this report, for it is of primary interest to Divisions and Corps. Only a little has yet been developed by OSS/SI because of lack of means.

Following are observations of a more general strategic nature.

a. Military:

1. Axis troops do not fight as hard as in Tunisia and early Italian campaigns.

2. Foreign levees in German units surrender easily, but are being told they will be shot by Americans.

3. Most divisions on north and north-west front of beach-head are now less than one-half normal strength.

4. I have not seen one German plane in daylight. Luftwaffe attacks beaches regularly one hour after dark, flak very heavy - enemy damage to us usually nil. Our planes everywhere.

5. French report most German soldiers rarely discussed future, but implied they expected war to be lost eventually ever since last year.

6. German prisoners not as fine type nor as arrogant as in early days Tunisia, Sicily, etc. Most seem happy to be captured and out of it.

7. German Army morale definitely weaker - absence of Luftwaffe a constant blow to their confidence.

8. Guts of our paratroopers and assault troops tops. G.I.'s fought like demons. Where bodies our airborne troops found isolated, frequently surrounded by six or more dead Germans.

9. Mechanical equipment captured such as radio controlled small tanks (doodle-bugs) etc. all show fine workmanship - no deterioration electrical and mechanical parts. Excellent strong night flares - very bright.

b. Civilian - French - Social - Political:

1. French still shocked by suddenness and fury of our attack. At Isigny - Carentan and other towns have suffered greatly from bombardment. 33 killed at Isigny and one-quarter town wrecked. Sad that they (at Isigny) could not advise us that there were only 40 Germans there (douaniers and few soldiers). The warmth and humanness of our G.I.'s mixing with people, and the vision of the magnitude of our resources is rapidly thawing them out. Even in the ruins of their villages, children give the V-sign and smiles appear. Many are "abrouthis" and capable of concern only of their own little homes and families. The four years of German occupation has had a telling and dam-

pening influence on their spirits - especially older people.

2. Few seem concerned here of politics. They cannot understand why two French generals, Giraud and DeGaulle should fight when the Germans are still in France. I spoke to a group in St. Mere l'Eglise, June 16 who said DeGaulle was fine but Giraud they liked too. The old lady I lived two nights with (70 years old, widow of World War I soldier) was spiritually defeated - "what can one do?" German non-com's had been billeted with her four years. She and other older people defend Petain as having spared them by his attitude, even greater sorrows for France. They admit he is too old - maybe misguided, but apparently he was something for them to hold to.

3. Yves Greslin - the local resistance leader kept functioning through all this period. After an X-2 check intend to use this man for dope on Cherbourg through his chain.

~~CONFIDENTIAL~~

OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

4 July 1944

Miss Grace Tully,
The White House,
Washington, D. C.

Dear Grace:

Would you please place the attached
memorandum before the President?

Thank you.

Sincerely,

William J. Donovan,
Director.

DECLASSIFIED
E.O. 13526

Authority CIA Oversight Visit 7/14/09
NARA rmh Date 6/18/2012

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Authority 7/14/09 CIA Oversight Review
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Authority 7/14/09 CIA Oversight Review
 NARA RMT Date 6/18/2012

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PSF: OSS

OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

4 July 1944.

Miss Grace Tully
The White House
Washington, D.C.

Dear Grace:

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Sincerely

Bill

William J. Donovan
Director

OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

27

4 July 1944

MEMORANDUM FOR THE PRESIDENT

Here is a summary of a study prepared by us on the age distribution of dead in the German ground forces from June 1941 to March 1943.

"The age-distribution of dead in the German ground forces was derived from obituaries of German soldiers published in those German newspapers available in Washington. For the period as a whole, roughly 95 per cent of the dead were 34 years of age or younger, indicating a very significant concentration of deaths in those ages most fit for combat duty. The estimated age-distribution of dead affords further confirmatory evidence that for this period the dividing line between those age-groups considered fit for combat duty and those used principally in a non-combat capacity falls between ages 34 and 35.

A comparison of the early months of the total period

-2-

with the later months shows a very sharp decline in the percentage of total deaths in the age-group which was 20-30, inclusive in 1941, counterbalanced principally by an increase in that age-group which was 16-19 in 1941 and to a much lesser extent by an increase in that age group which was over 30 in 1941."

Should you desire the detailed report, please advise me.


William J. Donovan
Director

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

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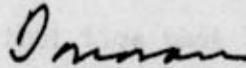
July 4, 1944

Miss Grace Tully
The White House
Washington, D.C.

Dear Grace:

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will be of interest to the President. Will
you please hand it to him? Thank you.

Sincerely,



William J. Donovan
Director.

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E. O. 11652, Sec. 3(E) and 5(D) or (E)
CIA 007622
By *SPS* Date MAY 1 1974

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

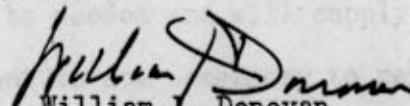
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1 July 1944

MEMORANDUM FOR THE PRESIDENT

You will recall that when you asked me to go to China, you approved the establishment of facilities independent of the Chinese if necessary to obtain intelligence from that area. This we have done through AGFRTS (Air and Ground Forces Resources and Technical Staff), by which the intelligence efforts of General Chennault's A-2 and OSS have been united. Close liaison is maintained with General Stillwell's G-2. As you will see from the attached report, AGFRTS is well underway. I think it will be productive.

I also mentioned at that time that I believed the establishment of independent facilities would stimulate intelligence under SACO. This has proved to be the case, as you will see from the further report which is also attached.


William J. Donovan
Director

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Air and Ground Forces
Resources and Technical Staff

Air and Ground Forces Resources and Technical Staff, known as AGFRTS (and more popularly, as "Agfighters"), is a provisional unit approved by the Theater Commander, China-Burma-India, 26 April 1944 and assigned to the 14th Air Force. The primary purpose of the unit is to build upon and expand the intelligence facilities of the 14th Air Force. This unit will also train natives for morale subversion and sabotage.

The 14th Air Force possessed an excellent nucleus of experienced personnel which had been effectively operating for more than one year. Because of the prestige of General Chennault and the 14th Air Force, this nucleus possessed the best possibilities for developing a comprehensive and effective, intelligence-procuring agency. This group, practically intact, has been assigned for duty with AGFRTS. OSS has assigned qualified officers and men to the unit and will furnish such additional personnel as may be needed and will supply such special funds and equipment as are necessary to perform particular missions where not available from other sources.

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- 2 -

A nucleus of operators existed in the Third, Fourth, Sixth, Seventh and Ninth War Areas. Each War Area has been re-examined and additional personnel supplied where necessary to make the coverage more effective. A school has been established in one of these areas for the training of communications personnel, half of whom are to be assigned to the Chinese General in that Area and the other half to be assigned to AGFRTS. Sixty-two students were in their second week of training by May 20th. The course covers six to ten weeks. The personnel to be received by AGFRTS will be used in inaccessible places behind enemy lines.

Contacts will be made with guerrilla bands and others to facilitate escape of American pilots and to procure intelligence.

At the headquarters of AGFRTS in Kweilin is located an excellent radio transmitter. In each War Area there is a base station which operates its own individual net and transmits all collected information to Kweilin. There also exists a weekly courier service between the various War Areas and the Kweilin base.

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Summary from Report dated 3 June 1944
from the Strategic Services Officer, CBI,
relating to SACO

Real progress is now being made. The Chinese are putting forth effort to get things moving. It is reported that General Tai has requested that the heads of the OSS Secret Intelligence, Special Operations, Morale Operations and Research and Analysis Branches have a conference every Tuesday afternoon with their Chinese counterparts representing the Bureau of Investigation and Statistics. The first meeting was held on May 9th. We again took the opportunity of asking for a larger volume of intelligence. The results that have been attained from our insistence for more and better intelligence have been most gratifying. During the period under review we have received sixty-five reports, which have been more prompt, and noticeably improved in both form and content. By comparison it should be noted that during the entire month of April we received only two inconsequential reports.

Since then several conferences have been held with Mr. P (General Tai's deputy) and Mr. L (Tai's SI

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Chief) in order to complete the final arrangements for establishing the Advanced Base, and introducing agents into occupied territory. General Tai formerly objected for security reasons to taking agents to the Advance Base preparatory to being introduced into occupied areas. Now his deputy has specifically requested that the agents destined for Shanghai and adjacent areas assemble at the Advanced Base.

Agents will report into the Advance Base where messages will be relayed immediately to SACO Headquarters, Chungking, for action. Captain H (our SI Chief) will decode messages there and attempt to show by practical demonstration the necessity of maintaining close liaison and prompt service between the Advance Base and agents in the field.

The Chinese members of SACO have responded satisfactorily to our immediate need for materials, and are facing long-range problems frankly with us. The preparation of R&A file notes has been slightly stepped up during the month. Several publications of unusual value have been microfilmed and forwarded to Washington.

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

WS
PSF 168
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4 July 1944

Miss Grace Tully
The White House
Washington, D.C.

Dear Grace:

Will you please hand the attached memorandum to the President? I believe it will be of interest to him. Thank you.

Sincerely

Bill

William J. Donovan
Director

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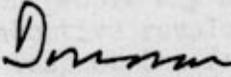
OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

4 July 1944

MEMORANDUM FOR THE PRESIDENT:

I am attaching a report from a
Harvard professor, Ramon Guthrie, just as
it came to me.

Sincerely


William J. Donovan
Director

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SECRET

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29 June 1944

TO: General William J. Donovan

FROM: Ramon Guthrie

SUBJECT: Report on Impressions of the French Situation

Every Frenchman we have met agrees that one thing is indispensable to the future of France-American relations: whatever action we take with regard to the recognition of Gen. DeGaulle with or without the Committee our government must issue a clear, complete and detailed statement explaining its policy and intentions in regard to France. This statement, to be effective, should come from Mr. Roosevelt himself. It should be a blunt, forthright statement of the reasons for our stand. It should be clear enough to be understood by the man in the street and concise enough to satisfy legal experts. It should avoid anything that cynics could dismiss as sentiment or camouflage. It should assert our determination to see France established as a great power under a democratic government of her own choosing. Especially, in the light of the stir caused by the article published in the Stars and Stripes and quoted from the Readers' Digest, it should reiterate our pledge not to seek any form of territorial aggrandizement. It should admit that we have made mistakes in the past in our handling of the French problem and should explain in a general way the causes of these mistakes. It should make it clear that the U.S. has no desire to thwart any legitimate revolutionary aspirations that the French people may have, nor any intention of countenancing a phony or abortive revolution. Our government should also pledge itself to respect the freedom of speech and freedom of assembly of the French people in those territories administered by appointees approved by the United Nations.

In general, it may be said that France is still divided, as it has been for the past century and a half, into two camps: the "Reds" and the "Blacks" - Jacobins and Bourbons, those who support the principles of 1793 and those who look on the whole French Revolution as an "infamous parenthesis". In French eyes, the policy of the U.S. seems to have supported the "Blacks" against the "Reds". There are many Frenchmen who believe we have consistently been less intent on crushing Fascism than on combating European democracy and returning France to the control of the "200 families" whom they feel to have been responsible for the downfall of France. These Frenchmen suspect us of intriguing with Chautemps, the Comte de Paris, and even the infamous Georges Bennet, to set up a "black" dictator-

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ship in France after this war. Our apparent reluctance to arm the French Resistance groups is attributed to fear that they might become powerful enough to set up a government too democratic for our liking in post-war France.

Until recently many Frenchmen could imagine no other explanation than this for our refusal to recognize DeGaulle. Then came the article reprinted in the Stars and Stripes from the Readers' Digest. It gave them an impression that our refusal was also actuated by DeGaulle's objection to ceding parts of the French empire to us. This article, it should be stated, was a great shock to Frenchmen generally. Most of them refuse to believe that it was not sanctioned by our government or at least put out as a feeler by persons in our government. Many former French friends of America are now convinced that we are in this war mainly as an imperialistic venture. They wonder if the publication of the article in question might not be a "coup mente" to discredit De Gaulle in the event that we do recognize him, in which case the inference would be that he had entered into a secret agreement to satisfy our alleged designs on Dakar, Martinique, etc.

Most of the French here in Algiers fail to see the validity of the American contention that the Committee does not represent French opinion. They point out that in its political distribution it corresponds much more closely to French opinion than did, for instance, the Reynaud government (1939-1940) or probably any other government that France has had. It is true that the Committee has been selected from the restricted number of men available. Many of its members are only step-gaps, filling their posts until abler and more popular men become available. The people inside France will certainly want to replace many of them with leaders who have grown up since 1940 or who have remained inside France. The danger of recognizing the FCNL as the provisional government of France is that it might tend to perpetuate these men in office by giving them control of the electoral machinery. Many loyal democratic leaders in the resistance groups do not like the FCNL. While certain men like Grenier, Tixier and LeTrequer are popular, others are regarded without enthusiasm as windy talkers and probably enemies of true resistance. "The Resistance is France", said one informant recently arrived from France where he has been a leader on local, regional and national echelons since the fall of France. "De Gaulle is only a symbol and a name to us: he will be welcomed in France with open arms if he brings us the Republic. We want two things, bread and liberty - an immense liberty in a society where the indi-

vidual man is all important and everything else, machines, money, and even society itself, exists only to serve man."

It is very desirable that the U.S. interfere in French politics as little as possible while still doing all in its power to encourage the establishment of the democratic government that the overwhelming majority of the French people seem to desire.

To Frenchmen of all political hues, it is imperative that France be allowed to participate, as an equal at least, in her own liberation and rehabilitation. (At present Frenchmen in and out of the armed forces complain that they are not even allowed to help the United Nations to the extent of offering suggestions concerning French affairs in many fields.) It is difficult to see how France can participate as a partner in her own liberation unless some form of provisional civil government is recognized by the U. S.

POSSIBILITY OF A DICTATORSHIP IN FRANCE

All people with whom we have talked are strongly opposed to a dictatorship in any form and would be against Gen. De Gaulle if they believed there was any possibility of his becoming a dictator. Even the most fanatic Gaullists are not for DeGaulle as a "leader" and would not swear personal allegiance to him. They look upon him as a symbol of resistance to the Germans. Thanks to our dallying with Darlan, Giraud and Peyrouton, they have also come to look upon him as a symbol of the revolutionary faith, in spite of his clerical and monarchist background.

There are, however, many people who believe there is a possibility of a rightist dictatorship coming about. They visualize the internal French situation as follows: The French political tendencies are divided into three parts: (a) at least 30% of the people are communists or communist sympathizers, (we can have no opinion as to the accuracy of these figures); (b) another 30 to 50% follow De Gaulle as a symbol of unity and resistance; (c) a sizable group will follow the former parliamentarians, not as parliamentarians but as local political leaders valuable for their experience.

It is to be remembered that all these groups probably support De Gaulle. Only one of them, however, the communists, represents a definite political platform. It might, therefore, happen that certain of the others would favor a "temporary" anti-communist dictat

ship designed to allow groups (B) and (C) time to work out their plans, establish their unity, and strengthen their fences - and to provide a directive discipline during the period of reconstruction.

Certain people see in the sidetracking of Le Trequer (Socialist) and the elevation of D'Astier (Royalist) a tendency in this direction. Under the present working agreement with General Montgomery it appears that the local administrators in the liberated France are now being selected mainly by D'Astier, the Commissioner of the Interior, although this function was originally assigned to Le Trequer, the Commissioner of Liberated Territories. Many Frenchmen here in Algiers, as well as many members of the Resistance, believe that only a full recognition of the Committee as the provisional government of France would be a satisfactory check on any dictatorial inclinations that Gen. De Gaulle and some of the more reactionary members of his immediate entourage might have.

Algiers, however, is not France. Algiers abounds in French politicians, administrators, soldiers, businessmen, etc. but there is no French working class here, and the Francais Moyen does not exist in numbers sufficient to make his opinion felt. Everything we have learned leads us to believe that any government that will be acceptable to the French people must be much further to the left than the FCNL. The Resistance groups are certain to have opinions and candidates of their own. It is our belief that the U.S. policy should take this probability into account.

NOTE ON THE FRENCH COMMUNISTS

French Communists are not like American or Russian Communists. Communism has been a firmly established political doctrine in France for over a century. It is not a foreign "ism" and is not promulgated by foreign agitators. It stems from Marx only in part. (The French Socialist party, it must be remembered, is probably more Marxian than FCP*). Whatever theories some of the more doctrinary leaders of the Party may hold, the rank and file of French Communists are democrats who believe thoroughly in the slogan "Liberty, Equality, Fraternity".

It is very probably that the views of the FCP* have undergone great changes since 1939. Recently the local Communist weekly denounced the Conseil General of Algeria for its "anti-clerical attitude" and asserted that "many Frenchmen could take lessons

in patriotism and courage from the priests and Dominicans" of France. DeGaulle's statement that "anti-Communism is a crime against France" is not as surprising as it seems on first sight. The often quoted saying that "the average Frenchman makes it a principle to vote a couple of parties further to the left than he feels", may account for some of the popularity of the FCP. Father Peter Duffy's definition "Communism is anti-Fascism", is especially true in France. Many people believe that some sort of allegiance between the FCP and The Christian Socialists, stemming from the encyclical of Pope Leon XIII, is quite possible.

Old party-line leaders like Therez and particularly Marty, have fallen into discredit. The new men like late Gabriel Perio and Grenier, the extremely capable and open-minded Minister of Aviation are French patriots first of all and follow the best traditions of French liberalism.

Grenier's refusal to allow a purge of the officers in the French Air Force made a very favorable impression here and is said to be very typical of the man himself.

I have been informed by non-Communist Resistance members recently arrived from France that the strength of the much vaunted "organization of the FCP is greatly over-rated. The wholesale slaughter of Communists by both the gestapo and Vichy has, according to their story, made any tight organization of the party impossible. In general Communists are functioning as individuals as members of Resistance organizations. These informants scouted the possibility that France would ever go Communist, although they believed that the FCP would constitute a very large minority in post-war France.

s/s RAMON GUTHRIE

*French Communist Party.

PSF: OSS
~~SECRET~~

OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

5 July 1944

Miss Grace Tully,
The White House,
Washington, D. C.

Dear Grace:

Would you please hand the attached
memorandum to the President?

Thank you.

Sincerely,

W. J. Donovan
Bill

William J. Donovan,
Director.

~~RESTRICTED~~

OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

W

The terms of the press reports from Berlin and the invasion
last night. They have taken on a more serious character.
about it. Here are some of the main points as re-
ported in the Swiss press. "The military situation
in Germany demands from the Allies a more determined
effort and the Allies must be prepared to meet the
situation in Germany in a more resolutely improved
manner. It is emphasized in the Swiss reports, possibly to
explain to the German people the delay in bringing an armistice
to the German people. The Germans must expect
nothing but the worst from the Allies."

5 July 1944

MEMORANDUM FOR THE PRESIDENT:

The Berlin correspondent of the Swiss press reports
that while the Allies are making progress in the West
Here is a report by radio tele-
phone from our representative in Switzer-
land, as of late June.

Donovan

William J. Donovan
Director

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GERMANY

The tones of the press reports from Berlin on the invasion have changed. They have taken on an air of great seriousness, almost of pessimism. Here are some of the high points as reported in the Swiss press from Berlin: "The military situation in Normandie demands from Germany the greatest efforts and the greatest determination." The report continues that the Allied position in Normandie is reported to have remarkably improved. Repeatedly it is emphasized in the Berlin reports, possibly to explain to the German people the delay in bringing up more German troops to meet the invasion that the Germans must expect landings in the various other parts of the coast.

The Berlin correspondent of the Neue Zuercher Zeitung states that while the Normandie situation was viewed with great confidence in Berlin on Thursday, it is necessary today (June 9) to realize that the enemy has not only reinforced his landing troops, but has even succeeded in enlarging his beachhead to a considerable extent. German units inside the enemy occupation, according to the press, are finding their position more and more difficult every hour, and many of these detachments have been cut off. According to Berlin, there are now more than twelve Allied divisions in the beach-head. The correspondent of the Neue Zuercher goes on to state that all the German reports agree that the Americans, English and Canadians are well-trained adversaries, fight with grim determination, and that the Allied Command is throwing in its troops with great recklessness, apparently to the surprise of the German war correspondents. They complain that this recklessness almost recalls Russian methods,

This praise of Allied forces is entirely novel in the German press, as the Germans have always preached that while we might be fairly good at sea or in the air, the Anglo-Saxons have no serious value as land forces. Along this same line, the Berlin correspondent of the Basle National Zeitung states that Berlin regards the invasion as the most cleverly organized combination of sea and air landing. The whole organization of the invasion is given the highest praise in the German press, particularly the handling of the air-borne troops and their fighting qualities. Reference is made to the extraordinary physical condition and first-class military training of the troops. Also the Berlin

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correspondent of the Neue Zuercher Zeitung reports that the German press reaction to the breaking of the Atlantic Wall defense, so long lauded as invincible, shows considerable embarrassment. Now the talk is of the great, decisive battle in France, which could never take place unless the Allies were permitted to land in force. The German press has dug up Hitler's speech of December, 1941, when he said, "I hear that the English intend to start a big offensive somewhere. I only wish they would let me know about it before hand; I would have the area in question evacuated, and very gladly save them the difficulty of landing." The Swiss press also emphasizes that the German Command is obviously faced with the greatest difficulty and must necessarily hesitate before throwing in all its reserves, because they do not know whether, in the event of landings at other points, they could risk it. Another interesting fact is that we have heard nothing yet from Goebbels this week. By Friday afternoon we have in the past, always had a report on his weekly article in Das Reich which sets the tone for the press and gives the general propaganda style for the week. This week there may be some difference of opinion as to the line to take, some difficulty of finding a basis of agreement between Goebbels and the military, because the tone of the comment which I have referred to above is largely from military circles, and it is very different in character from that which Goebbels has been preaching in the past. There is no longer any talk in the German press of quickly throwing the Americans and the British into the sea. The great event which Goebbels has been praying for weeks is here, but it does not seem to have turned out exactly as he predicted. And it's rather a puzzle too as to why the Germans should begin to speak with praise of the military achievements of the Allies and of the daring and cleverness of the invasion. Either they are being very subtle, hoping to defeat the invasion effort and then to take extra credit for themselves, or else, as seems more likely, they now realize that they are faced with something with which they cannot cope and must prepare the people for far-reaching consequences.

A new fact which will tend more and more to decrease German production is the effect which the victories in Italy, Russia, and France are having on the will to work of the foreign workers

in Germany. Reports indicate that, in the early days, the foreign workers, and particularly the Russians used to turn out a good day's work; now, since the impression of German defeat is becoming more general, the situation has been radically changing. It is not so much a question of systematic sabotage - although there is plenty of this -- but an almost more important factor is the passive resistance, delays and general negligence. It is one thing to work for a victorious master; it is a very different thing to work for a tottering slave-driver. Of course, the fact that the Germans have had to take away the best guards and supervisors of the foreign workers into military service, and in many cases have replaced them by old tired, and even war-sick veterans, means that the foreign worker is not supervised as he was, and can with greater impunity lie down on his job.

Some months ago, I reported briefly about a mysterious Himmler stamp, which has turned up here in Switzerland. Since then, I have had some one investigate some stamp dealers the situation with regard to this stamp, and the mystery seems to deepen. The Stamp Collector's Journal, published here in December, 1943, had a brief article with regard to the stamp, with a facsimile and a full description, and the editors of the journal, who apparently accepted the stamp as genuine, asked for further information from any of their correspondents. The next number of the paper, printed early in 1944, had a further article about the stamp, and stated that apparently it was not an official issue of the German Post-Office, and that there was some sort of mystery involved. The paper also quoted from a letter which the magazine had received from the German Post-Office, which briefly and curtly said that the notice their previous number regarding a Himmler stamp did not correspond to the facts. As far as I can find out, pressure was brought to bear on the editors of the stamp journal by the German authorities to play the matter down, and they have since become very uncommunicative about it. Meanwhile, one Himmler stamp has turned up here in the hands of stamp dealers, and is for sale. Though it appears to be genuine, no stamp dealer will give any guarantee, as the German Post-Office has repudiated it. It does not appear that this is merely a stamp dealer's trick, as otherwise there would probably be more spurious examples on the market. It may have been a trick pulled by some of Himmler's enemies to make trouble for him, or it may be that some enthusiast in the Ministry of the Interior thought it might be nice to honor Himmler in this way, possibly

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in connection with some charitable drive. In any event, the mystery of the stamp has not been cleared up.

FRANCE

The report I gave last night about the situation in the Belgrade area appears to be duplicated in some other regions in that general Savoie region. The French Partisans in the Grenoble area are reported to have revolted in force. Despite the counsel given them from London, it is practically impossible to temper the impatience that the men of the maquis (sic), and despite the danger of severe reprisal, these outbreaks may nevertheless tend to serve notice on the Germans as to what would happen if they withdrew their troops in order to reinforce the present front in the North. If we assume that the Germans had some forty to fifty divisions in France at the date of the invasion, a very considerable number of these would be absolutely essential to keep down the country, and can never safely be sent to the front, or, if they are sent to the front, all German lines of communication will be threatened, and control over the civil population will be lost. It will be a nice calculation for the German High Command to try to decide exactly how many men can be spared for front-line duty in the North, and what is the minimum required to prevent open rebellion behind their lines.

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

*PSF
OSS*

5 July 1944

MEMORANDUM FOR THE PRESIDENT

Miss Grace Tully,
The White House,
Washington, D. C.

Dear Grace:

Would you be kind enough to place
the attached memorandum before the President?

Thank you.

Sincerely,

Bill

William J. Donovan,
Director.

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E. O. 11652, Sec. 8(E) and 5(D) or (E)

CIA 007622

By *OSB*

Date MAY 1 1974

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

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R

5 July 1944

MEMORANDUM FOR THE PRESIDENT

I attach a summary of a paper prepared by our research group on the degree of interest in communism and the separate question of attitude toward Russia as evidenced in Iran, Turkey, and the Arab Near East.

This summary is a boiling down into five pages a paper some sixty pages in length.

Donovan

William J. Donovan
Director

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COMMUNIST AND PRO-RUSSIAN TRENDS IN THE NEAR EAST

Summary

1. IRAN. There is no Communist Party, in the usually recognized sense, in Iran. There are doubtless a number of communists, but they are content to ally themselves with the other leftist movements in the country. Chief of these is the Tudeh (Masses) Party, which some reporters describe as "communistic," although this designation has yet to be proved. Socialistic in aims and indigenous in nature, it is increasingly articulate and influential, and pro-Russian. The party has shown some strength in the recent elections for the new Majlis (Parliament), but not as much as many expected.

Pro-Russian sentiment among the peasants, the bulk of Iran's population, is largely limited to the northern provinces under Soviet control; in this area it is very noticeable. Such sentiment characterizes the urban labor groups, but these are numerically small, although increasingly self-conscious.

Among the minorities, particularly the Armenians

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and the Assyrians, there is definite pro-Russian sympathy and orientation. Similar tendencies are observable among the Kurds, although their ardor for the Soviets seems to have cooled perceptibly in recent months.

As for the ruling aristocracy, it is fear of the power and proximity of the USSR which makes them pro-Soviet; they hope thereby to placate the Russians sufficiently to insure their leaving Iran unmolested after the war. In any case, the government accepts unfavorable economic arrangements from the Soviets and the ruling class make such ado about their charities on behalf of Soviet war victims. The pro-Russian sentiment of the masses, especially in the north, is based on hope; and there are indications that in this area it might be comparatively easy for the Soviets, should they desire it, to organize public opinion in their favor, politically or economically.

2. THE ARAB WORLD. Soviet policy in the Arab world appears to be aimed at the reduction of British influence in that area and the acquisition of the balance of power and the expansion of her own trade. The center from which this activity radiates is the Soviet Legation in Cairo.

There are certain important assets which favor the USSR

-3-

in the pursuance of her objectives. In contrast to Britain and France, the Soviet Union does not have to bear the onus of a record of past imperialistic policies in an increasingly nationalistic Arab world. Furthermore, the USSR contains over twenty million Moslems, divided among seven autonomous republics, in addition to an autonomous Armenian SSR and a reconstituted Russian Orthodox Church which appears to be heading toward some kind of a union with the Greek Orthodox Church in the Near East. These advantages are being fully exploited by the Soviets, who have won their greatest success among the Greek Orthodox and Armenian minorities in the Arab world. The other elements among whom the Soviets appear to have the greatest chance of spreading their influence are the educated youth and the skilled artisan class, two groups that are growing increasingly restive under the social and economic regimes prevailing in British and French-controlled areas. Soviet military and political successes have made a powerful impression not only on these elements but on the politically conscious populations at large.

On the debit side, it is a fact that the vast bulk of the Moslems, who make up the overwhelming majority of

the population in the area, continue to remain suspicious of Soviet aims; the Moslems in particular, have not yet forgotten the anti-religious policy of the USSR in Comintern days. Their feudal ruling aristocracy, which still remains solidly entrenched, likewise represents a large bloc of opinion antipathetic to the USSR. Such dealings as this element is willing to enter into with the Soviets are therefore motivated not by friendship but by a desire to play the Soviets off against the British in order to preserve their own position so far as possible.

To date it cannot be said that the USSR has won any significant foothold in the Arab world except among the Armenian and the Greek Orthodox minorities, but the youth and labor classes which it is proselytizing are of considerable potential importance. It must be remembered, however, that Soviet diplomatic and other activity in the area is only just beginning; its ultimate success will depend largely on the policies which the other Allies elect to pursue in the Arab world.

3. TURKEY. It has been the policy of the Turkish Government to avoid all controversy with the USSR, but to

reply vigorously to any anti-Turkish move that the Russians might make. The government's fear of the USSR is more than seconded by the Turkish public. There is always the possibility, however, that because of the growing power of Russia, Turkey will find herself forced to orientate her policy in that direction.

The Turkish Government has consistently opposed any move towards communism in Turkey, which, indeed has never taken root there. The government has seen to it that Turkish nationalism constitutes the only doctrine presented either to the workers in Turkey's new factories, or to the agricultural communities, from which many of the workers stem and to which they often return. Until recently there has been little evidence of communism among the intellectuals of Turkey, but reports communist elements in educational and government circles appeared in March 1944. The Ministry of Education and the Grand National Assembly took immediate steps to combat the spread of all "foreign" propaganda, with the emphasis on communism.

The Turks are opposed to the spread of communism and Russian influence in the Near East in general for the same reasons that they are opposed to such development in Turkey itself.

PSF: OSS ~~RESTRICTED~~

OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

5 July 1944
5 July 1944.

MISS GRACE TULLY FOR THE PRESIDENT
Miss Grace Tully,
The White House,
Washington, D.C.

Dear Grace:

The attached report will be of
interest to the President. Will you please
hand it to him? Thank you.

Sincerely,

Bill

William J. Donovan
Director

DECLASSIFIED
State Dept. Letter 1-11-72
By R. H. Parks Date

DECLASSIFIED
State Dept. Letter, 1-11-72
By R. H. Parks Date JUN 1 1972

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

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OFFICE OF STRATEGIC SERVICES
RESEARCH & ANALYSIS BRANCH

W. A. 20774
5 June 1944

5 July 1944

ECONOMIC REORGANIZATION OF BURMA

Japan's "Supreme Adviser" to the Burma Government, Shigen Ogawa, has completed the initial phase of his mission to Rangoon. During the past three months he has vigorously prosecuted a program for the reorganization of Burman economy, and his visit was scheduled to become the first of a series of similar four-month periods. In the process, Ogawa's scheme for Burma represents Japanese practice in establishing "co-prosperity" in Greater East Asia.

MEMORANDUM FOR THE PRESIDENT

Attached is a memorandum prepared by our research group on "Economic Reorganization of Burma". Japanese policy under Ogawa aims to... The "Supreme Adviser" has... administrative machinery, decreed a drastic policy of... support of war needs, and established a new... War Cooperation Committee to... The great test for the new... in... Burma's deteriorating economic... support of Ba Maw's regime.

Donovan

William J. Donovan
Director

Part of the "Soft" Era

Throughout 1943 the Japanese pursued a "soft policy" in Burma... the people independence, substituted... related to war service, and withdrew military... as possible into the background. After 1 August they... Ba Maw far more power than he actually enjoyed... that he was willing to assume with the expectation... his intractable conservatism into line. But the... did not easily submit to... was Ba... the military a burden. The... of... as Supreme Adviser to the Government... authority, having... with... Ba Maw's inability to deliver a fully... direct assistance.

... political... the Tokyo Imperial... and... years...

DECLASSIFIED
State Dept. Letter, 1-11-72
By R. H. Parks Date JUN 1 1972

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OFFICE OF STRATEGIC SERVICES
RESEARCH & ANALYSIS BRANCH

R & A 2077S
9 JUNE 1944

ECONOMIC REORGANIZATION OF BURMA

Japan's "Supreme Adviser" to the Burma Government, Gotaro Ogawa, has completed the initial phase of his mission to Rangoon. During the past three months he has vigorously prosecuted a program for the reorganization of Burman economy, and his plan was scheduled to become fully operative at the end of March. As distinct from previous promises, Ogawa's scheme for Burma represents Japanese practice in establishing "co-prosperity" in Greater East Asia.

Japanese policy under Ogawa aims at a thorough regimentation of the Burman people. The "Supreme Adviser" has put a Central Bank into operation, outlined a complete reorganization of provincial administrative machinery, decreed a drastic policy of forced utilization of land and labor resources in support of war needs, and established a new model War Collaboration Committee to supervise the entire program. The great test for the new measures will be their success in salvaging Burma's deteriorating economic system without undermining popular support of Ba Maw's regime.

End of the "Soft" Era

Throughout 1943 the Japanese pursued a "soft policy" in Burma. They promised the people independence, substituted patriotic appeal for coercion in matters related to war service, and withdrew military control as much as possible into the background. After 1 August they attributed to Adipadi Ba Maw far more power than he actually enjoyed and more responsibility than he was willing to assume, with the expectation that he would bring his intractable countrymen into line. But the Burmans apparently did not easily submit to regimentation and Ba Maw dared not act in too arbitrary a fashion. The dispatch of Ogawa to Rangoon in mid-December as Supreme Adviser to the Government suggested that the military authorities, having lost patience with Burmese intransigence and Ba Maw's inability to deliver a fully mobilized nation, had decided to take more direct measures.

Tokyo sent no second-rate political economist to Burma. Ogawa was formerly professor of the Tokyo's Imperial University, a manager of the Minseito party, and for many years a prominent member of the Japanese Parliament. Earlier in his career he had served as Parliamentary Vice-Minister of Finance and as Minister of Commerce and Industry.

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State Dept. Letter, 1-11-78
By R. H. Parks Date JUN 1 1972

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Consumer Goods and Transportation

Ogawa promised Burma virtually no help in providing manufactured consumer goods. Only a limited portion of the machinery needed for supplying the essential requirements of food, clothing, and construction materials (timber, steel, and cement) could, he said, be secured from Japan. Burma's principal recourse would have to be to medium and small scale production units equipped with make-shift machinery locally provided. These establishments, moreover, would have to be widely dispersed so as to be as near as possible to the places of consumption. Ogawa's corrective for paralyzed internal transportation was equally disappointing. He recommended large-scale mobilization of ox carts and the continued use of country boats on the rivers.

This was scanty relief to offer a country that has suffered a two-year famine of imported consumer goods. The raw materials as well as the means of manufacture are lacking in most categories, and primitive means of transportation are inadequate for long distance distribution of the available goods. Even ox-cart transportation is not to be had. The number of draft bullocks has been greatly reduced in the vicinity of all military establishments by indiscriminate slaughter for fresh meat. In central Burma, the only region of normal cattle surplus, the hoof and mouth disease has carried off large numbers of livestock. Draft bullocks are selling for 300 rupees, which is six to ten times their pre-war value. Country boats have already proved unequal to the demand for river transport.

The Burmans now can clearly understand from these recommendations that they can expect no economic relief from Japan. They must also perceive that their own efforts at self-help will be handicapped by continued military monopoly of all facilities for motor road, railway, and river transportation.

Establishment of New Administrative Areas

Ogawa supplemented his plans for local provision of civilian needs by dividing Burma into four administrative areas. Three of them comprise Burma proper; the fourth is the Shan States. Each of the areas is supposed to be economically self-sufficient and autonomous in such matters as revenue and police administration, education, and civil engineering services. This arrangement breaks down the economic and political problem into manageable units, and makes provision for the continuance of Japanese authority in isolated areas in case the Allies should reoccupy the country piecemeal. The separate areas will now find it less easy to shirk their responsibilities.

The limits of the three Burman areas have been fairly clearly indicated. The fifteen districts that are to be administered from Mandalay would extend as far south as Minbu, Magwe, and Yamethin, and might include Thayetmyo. The twelve districts of Lower Burma centering at Rangoon would include most of the Irrawaddy delta, areas

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east of the Pegu Yomas and the four districts along the Tenasserim coast. This would leave for the Central State dominated by Basseln only eight districts, three along the Arakan coast, and five along the lower reaches of the Irrawaddy valley west of the Pegu Yomas.

Effect of Administrative Decentralization

The area which will be administered from Mandalay is much the largest of the four, and its unwieldy size will make impossible the achievement of self-sufficiency in foodstuffs under present circumstances of impaired transportation. The surplus of rice is all in Lower Burma, and many regions of Upper Burma are already threatened by famine conditions. The arrangement is probably politically motivated, designed to quiet Upper Burma complaints against continued Lower Burman control. Such considerations would outweigh at Mandalay the economic handicaps which administrative separation would entail. But if Upper Burma can henceforth no longer blame the authorities at Rangoon for its sufferings, it will have cumulative reason to resent the basic cause of its economic plight, arbitrary Japanese requisition of property, labor service, food, and transportation facilities. In the course of time regional loyalty among the people of Upper Burma can be counted on to intensify their opposition toward a Japanese-dominated Adipadi in Rangoon.

The new system weakens Ba Maw's position both vis a vis the Japanese and over the governmental administration generally. In the first place each of the four regional Governors, although functioning under the sovereign authority of the Adipadi, will presumably be competent to deal with the Japanese military agencies directly without reference to Ba Maw. This is a reversal of the previous Japanese tactics of playing up the Adipadi's dictatorial authority and channeling decisions through him. In the second place, the Governors of the fifteen first-class districts will henceforth exercise a free hand in the appointment of junior officials within their respective jurisdictions. They will tend inevitably to become political figures in their own right. Whatever may be gained by governmental decentralization in enlisting a larger measure of local responsibility for meeting economic needs will be lost in lack of uniform application of regulatory measures and in growing inefficiency of administration. The dispersal of political patronage means an end of single-party control.

The Land and Labor Utilization Scheme

Ogawa's crowning measure of regimentation is his program of land and labor utilization. The state will take over for its own purposes during the coming year all agricultural lands not being cultivated. All labor not otherwise usefully occupied will be mobilized for work on such lands, subject to allotment by district Governors, township officers, and local agricultural committees. Thus if any district or community comes

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By R. H. Parks Date JUN 1

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up short in rice, vegetables, cotton, or cooking oils, it will presumably have only itself to blame. While cattle will be requisitioned, men will have to pull the plows if draft animals are not available. Government agencies will advance loans to approved persons, and will furnish subsistence for all workers on government-controlled land. They will also fix the price of agricultural produce, buy all that is offered for sale at that price, and superintend its distribution.

This program will apparently not apply uniformly to all portions of Burma. The several districts have been classified as to their priority for wartime emergency administrative measures: fifteen first-class districts, an equal number of second-class, three third-class, with the two remaining districts and Rangoon placed in a special category. Only Deputy Governors over the first-class districts will enjoy patronage rights. A planning board functioning with the assistance of Japanese advisers will formulate the fundamental wartime measures.

How the new scheme of agricultural regimentation will work can be conjectured. Forced labor by Burmans on railways and roads, under immediate Japanese supervision, has been difficult enough to require; forced assignment to unfamiliar or unremunerative forms of agricultural labor extending over widely scattered areas would be almost impossible to enforce in Burma by local committees and township officers under direction of politically ambitious Burman Deputy Governors. The new streamlined War Collaboration Committee, although operating under high Burman authority and heavily weighted with Japanese representation simply lacks the power to execute the plan. Burma's economic position is unlikely to improve and political relations will probably deteriorate. The measure is a desperate one from both economic and political points of view.

Responsibility for the New Policy

That Ogawa's program was imposed without genuine Burman acquiescence is clear. Ba Maw and his Cabinet must entertain grave misgivings. The Privy Council assembled on 20 March to hear the Government spokesman explain the fourteen cardinal administrative measures formulated under Ogawa's inspiration since the first of the year. The Councillors have been aware since last November that they did not constitute a public forum or representative assembly, but were simply a possible source of aid and advice to the sovereign. In the present instance, the authorities asked not for their advice but only for their attention. The Privy Council may continue to support Ba Maw's regime because they have no feasible alternative choice. But its members can be expected to assume little of the responsibility for the new policy imposed by the Japanese.

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State Dept. Letter, 1-11-78
By R. H. Parks Date JUN 1

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**OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.**

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6 July 1944

6 July 1944

Miss Grace Tully
The White House
Washington, D. C.

Dear Grace:

Will you please hand the attached memorandum to the President? I believe it will be of interest to him. Thank you.

Sincerely

Bill

William J. Donovan
Director

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E. O. 11652, Sec. 3(E) and 5(D) or (E)
CIA 007622
By *ABJ* Date MAY 1 1974

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**OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.**

6 July 1944

MEMORANDUM FOR THE PRESIDENT

From sources in Germany, we have the following:

"The Japanese Army and Navy, as well as the Foreign Office are still endeavoring to persuade Germany into a separate peace with the USSR. Early in June, General Arisue recommended this move during a talk with the German Military Attache in Tokyo. In the opinion of the Japanese, the war's center of gravity has moved to the western front and thus the USSR and Germany should come to terms so that a common front may be made against the western nations. The trip which Malfk, the Soviet Ambassador to Japan, made from Tokyo to Moscow on June 20 at the behest of the Japanese Foreign Office was for the purpose of sounding out whether the USSR would agree to negotiate a settlement of the Pacific war. Japan is looking ahead to a defeat of Germany and

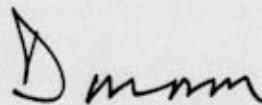
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thinks that the USSR will not want to face the United States and the latter's allies all by herself. Japan is ready to make very great concessions to the USSR and cooperate with her as an ally. Shigemitsu, the Japanese Foreign Minister, denied up to June 8, that any arrangements existed between the USSR and Japan. He even refused to admit that Japan was shipping supplies to the USSR, which is a fact confirmed by information which came to Berlin via Switzerland."

Our representative in Germany comments that he places no stock in reports that the Germans intend to make a separate peace.



William J. Donovan
Director

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

7 July 1944

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MEMORANDUM FOR THE PRESIDENT

Knowing of your interest in maps, I am sending you copies of two maps prepared by our Research and Analysis Branch. These maps show the routing of traffic from Norwegian ports into Sweden and the estimated capacities of overland transport routes to Sweden from these ports.

I am also enclosing a brief summary of the freight tonnage which can be cleared from Norwegian ports for shipment into Sweden.

William J. Donovan

William J. Donovan
Director

Enclosures

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E. O. 11652, Sec. 3(E) and 5(D) or (E)

By *ARS* Date MAY 1 1974
CIA 007622

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SUPPLY ROUTES FROM NORWAY INTO SWEDEN

Conclusions

It is estimated that the following quantities of freight can be cleared monthly from selected Norwegian ports and shipped into Sweden by railraod and highway.

	<u>Metric tons</u>	<u>Short tons</u>
From ports in Northern Norway	70,000	77,000
From ports in Central Norway	177,000	195,000
From ports in Southern Norway (exclusive of Oslo)	227,000	250,000
From Oslo	<u>390,000</u>	<u>430,000</u>
Total	864,000	952,000

It can be seen that the total is almost one million short tons.

These estimates are based on the following assumptions:

1. that railroad and road services are not interrupted by bomb and other damage, or by snow or rain;
2. that the necessary personnel, equipment, and supplies are available in Norway or brought into the country;
3. that no allowance need be made for other traffic requirements within Norway or on the Swedish border connections.

Monthly figures are computed by multiplying estimated daily tonnages by 26.

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2 copies of maps -

"Estimated Capacities of
Principal Overland
Transport Routes from
Norwegian Ports into
Sweden

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OFFICE OF STRATEGIC SERVICES

WASHINGTON, D. C.
8 July 1944



CHINA'S DRAFT CONSTITUTION
MEMORANDUM FOR THE PRESIDENT

Chiang Kai-shek formally inaugurated a Committee for the Establishment of Constitutional Government on 12 November 1943 under the Supreme National Defense Council, the highest body of the present Chinese Central Government. The Committee is to promote the process of public opinion, and make recommendations concerning the draft.

I believe that the attached discussion of China's Draft Constitution prepared by our Research and Analysis Branch will be of interest to you.

William J. Donovan
Director

Attachment

the Kuomintang maintains that its objective is the establishment of constitutional government. The National Government promulgated the latest draft constitution, which is the work of Sun Fo, son of Sun Yat-sen. A People's Congress was to meet in November 1937 to consider the draft and a permanent constitution of China. The beginning of the war prevented the convening of a People's Congress at that time, but it eventually met since although an abortive effort was made to convene it. Consideration of this suspended draft is the purpose of the present study campaign. It is expected that a People's Congress will meet in 1946 to establish the draft of 1936 as the permanent constitution of China.

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State Dept. Letter, 1-11-78
By R. H. Parks Date JUN 1 1972

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R & A BRANCH

R & A #2214S
16 JUNE 1944

CHINA'S DRAFT CONSTITUTION

Generalissimo Chiang K'ai-shek formally inaugurated a Committee for the Establishment of Constitutional Government on 12 November 1943. Set up under the Supreme National Defense Council, the highest organ of the present Chinese Central Government, the Committee is designed to promote "study" of the draft constitution of 1936, conduct investigations of public opinion, and make recommendations concerning the "problem of constitutional government." On 1 January the Committee launched a campaign for nationwide consideration of the draft constitution. A great deal of comment on the subject by prominent officials and discussion groups has been published, while numerous editorials and special articles have appeared in the press. This program, its intent, and its results bear directly on the kind of government China will have after the war.

Officially encouraged study of the constitution accords with the principles of Sun Yat-sen, revered Revolutionary leader, who called for a period of "political tutelage" in preparation for democratic constitutionalism in China. The Kuomintang, the triumphant Chinese Revolutionary party, assumed exclusive control of governing powers on behalf of the Chinese people as soon as military operations ended in 1928. The entire Central Government, including the Supreme National Defense Council, is still responsible to the Kuomintang. Chiang K'ai-shek, as leader of both party and Government, as well as President of the Republic in a time of national emergency, wields extraordinarily broad discretionary powers under a system of government that does not at present pretend to be responsible to any higher authority than a single political party.

Nevertheless, the Kuomintang maintains that its intention is the establishment of constitutional government. The National Government on 5 May 1936 promulgated the latest draft constitution, said to be chiefly the handiwork of Sun Fo, son of Sun Yat-sen. A People's Congress was scheduled to meet in November 1937 to consider the draft and adopt it as the permanent constitution of China. The beginning of the war in July 1937 prevented the convention of a People's Congress at that time. None has actually met since, although an abortive effort was made to convene in 1940. Consideration of this unenacted document is the proclaimed purpose of the present study campaign, and the Kuomintang has promised that a People's Congress will meet within one year of the end of the war to establish the draft of 1936 as the fundamental law of the land. At that time the period of political tutelage would be declared at an end.

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By R. H. Parks Date JUN 1 1972

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The legal instrument upon which China's constitutional future appears to depend has as its most ostentatiously democratic feature a section on the "Rights and Duties of Citizens." A Chinese Bill of Rights, it "guarantees" freedom from arbitrary arrest, freedom of speech, and religion. However, each of the seventeen articles of this section is qualified by the phrase, "except in accordance with law." In other words, constitutional provisions for the sanctity of personal liberties can be set aside by the passage of an ordinary bill.

The law-making body which can thus curtail the "guaranteed" rights is the Legislative *Yüan* (Branch), acting in conjunction with the President of the Republic. Laws can be promulgated and orders issued by the latter with the counter-signature of the President of either the Legislative or the Executive *Yüan*. The President of the Republic appoints and removes the President and senior officials of the Executive *Yüan*. While the constitution provides that legislative matters shall be referred by the Executive to the Legislative *Yüan*, there is no explicit check by either branch on resolutions of the other. As a result the executive power is almost entirely unhampered by the rest of the government. An executive order could become effective solely by virtue of the signatures of the President of the Republic and his appointee, the President of the Executive *Yüan*. Moreover, with the signature of the President of the Legislative *Yüan*, the President of the Republic could set aside constitutional "guarantees."

The element of democracy in the draft constitution clearly depends upon the democratic character of the People's Congress, to which all the governmental branches, including the Presidency of the Republic, are ultimately responsible. The People's Congress, according to present specifications, will be an unwieldy body of about 1700 delegates. Scheduled to meet for one month every three years, it can not possibly exercise any genuine legislative function or constant check on executive excesses. Its greatest power would lie in the right to elect the President and Vice-President of the Republic and all the members of the Legislative and Control (censorial organ of government for impeachment and auditing) *Yüan*. The real contribution which the Congress might make to democratic rule in China would be the selection of administrative officials representative of popular opinion.

However, the entire Congress itself is not to be popularly elected, 240 of the delegates being chosen by the present National Government and 250 odd members and reserve members of the Kuomintang's Central Executive Committee and Central Supervisory Committee automatically becoming delegates. Of the 1200 delegates popularly elected, 950 have already been selected. These members were elected prior to 1937 during a period of extreme political reaction unfavorable to liberal or minority party activities. Some of the members have died and been replaced; some have gone over to the puppets. Critics of the Kuomintang claim that none of the minority (non-Kuomintang) parties are as yet represented. A Central Government spokesman has stated that only 250 delegates remain to be elected after the war. At the first full meeting of the new

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By R. H. Parks Date JUN 1 1972

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Committee for the Establishment of Constitutional Government, a suggestion in favor of a new election for all members of the Congress was said to have been made but was summarily dismissed by Kuomintang conservatives as dangerous to the "sovereignty of the nation."

The reaction to the current program for study of this proposed constitutional government has in general reflected the political views of the commentators. Kuomintang officials and the Government-controlled newspapers have emphasized that the constitution is irrevocably based on the "Three People's Principles" of Sun Yat-sen, usually translated as "Nationalism, Democracy, and People's Livelihood." They asserted that all people who do not act or hold opinions contrary to the "Three People's Principles" will have complete freedom of expression and political organization. They have also declared that Chinese democracy must not be confused with Western democracy, and that personal freedom must inevitably be restricted even under the constitution. The *China Times*, organ of Finance Minister H. H. K'ung, and Kuomintang Minister of Information Liang Han-tsao took this general line.

Sun Fo, reported to be spokesman for a liberal element in the present Government, suggested in private conversation that some changes in the constitution would be desirable—especially the holding of People's Congress sessions oftener than one month every three years, and the local election of provincial governors in place of appointment by the central authorities. However, Sun made no public statements that did not agree with the ordinary Kuomintang position as described by Liang, the Information Minister.

Discussion of the draft constitution from opposition and independent quarters has been frankly critical. Roundtable discussions reported in *Hsin Hua Jih Pao* (Communist) and editorial comment in *Ta Kung Pao* (Independent), noted with disapproval the ill-defined division of powers among the President of the Government (Republic), the Executive *Yüan* and the Legislative *Yüan*, the result of which would evidently be the superiority of the executive branch. Although the critics did not mention it, the fact that one man, Chiang, is now President of the Republic as well as of the present Executive *Yüan*, probably made the danger of too much power in the executive seem especially real to the liberal critics. The second major point emphasized by independent comment concerned the necessity for stronger safeguards for "human liberties" than those in the constitution, which permit the government to pass laws overriding the constitutional provisions.

The orthodox view of Kuomintang leaders concerning the program for study of the constitution is that they are fulfilling the responsibility of "political tutelage." In launching the Committee in November, Chiang K'ai-shek suggested that it "should make known to the people the significance of the draft constitution . . . as the people are still ignorant of the spirit and significance." This legitimate educational function is unquestionably one of the considerations behind the great publicity campaign.

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State Dept. Letter, 1-11-78

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By R. H. Parks Date JUN 1 1972

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However, one of the liberal critics of the Kuomintang, Chang Hsi-jou (member of the faculty of National Southwestern Associated University at Kunming), declared that public study of the draft was instigated by the Generalissimo solely for the propaganda purpose of convincing the Western powers that democratic processes were at work in China. Chang felt that there was no ground for optimism about the present study, because previous liberal attempts to make constructive criticisms and revisions of the constitution had met with solid rebuffs from the Kuomintang and the Generalissimo himself. This point of view received some support from the fact that, although Kuomintang spokesmen had declared that there were no restrictions on the expression of public opinion concerning the constitution, *Ta Kung Pao's* editorial comments met with reprimands from the party Ministry of Information and Chang Hsi-jou's lecture condemning the present conduct of the Kuomintang as well as the provisions of the constitution was followed by a Kuomintang request for a copy of his speech.

Independent observers in China are convinced that there are no indications of Kuomintang relaxation of control over the functions of government by allowing free discussion of the form constitutional government should take. Nor do they think that independent or minority groups will be permitted to participate actively in the constitutional period of Chinese government. The Kuomintang refused minority party demands that all of their outstanding leaders be elected to the Committee for the Establishment of Constitutional Government, over which the Kuomintang enjoys complete control. The minorities do have a few representatives at the meetings, but their role will obviously be restricted by their small numbers, and their purpose is merely to keep the parties informed about the activities of the Committee. Judging from the present provisions for election of the People's Congress, projected as the final governmental representative of the popular sovereignty of China, the Kuomintang will continue to exercise strict control over the election of delegates and consequently near-complete control over the post-war Congress. Accordingly, the Committee for the Establishment of Constitutional Government and the campaign for study of the constitution seems unlikely to affect present Kuomintang control of China.

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State Dept. Letter, 1-11-72
By R. H. Parks Date JUN 1

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

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8 July 1944

MEMORANDUM FOR THE PRESIDENT

Miss Grace Tully,
The White House,
Washington, D. C.

Dear Grace:

I'm sure the attached memorandum will
interest the President. Will you please hand
it to him?

Thank you.

Sincerely,

Bill

William J. Donovan,
Director.

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

8 July 1944

MEMORANDUM FOR THE PRESIDENT

Here is a report by radio-telephone from our representative in Berne which I think you should have:

"The trip from Paris to Limoges cannot be made by road. There is a prohibition against travel on the part of the Germans. There is grave danger of being machine-gunned on the road. The maquis have requisitioned all vehicles in the regions which they control. By railway, with several detours, it was possible to make the trip in two days.

"In Limoges, the situation is dramatic. The city is in a virtual state of siege. The center of the city is entirely cut off by barricades and block-houses held by the gardes mobiles and the milice. The prefect and all the administrative authorities have been deprived of their powers. The person in command is a lieutenant of Darnard named Vaugelas, former aviator known for his repressive measures against the Haute Savoie maquis. He has installed himself as dictator, mobilized some civilians, forced the young men to enroll in the milice, and requisitioned all existing stocks. He arrests anybody he pleases without any judicial procedure. From time to time, in armored trucks, he leads expeditions into the surrounding country.

"Thus he went to Gueret at the head of his men to arrest the Secretary-General of the prefecture

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and a certain number of notables there, and brought them back to prison at Limoges. The Germans, who number about 2,000 at Limoges, are installed in the casernes. They patrol the streets and control the city, where the Gestapo is creating a reign of terror.

"In the country, the maquis is in control, but it is divided between the FTP, of Communist tendencies, the FFI, military elements of the secret army, and special groups which obey only their local chiefs. After the invasion, these various elements all wished to make known their presence by various acts of sabotage and even of terrorism.

"They proceeded to enroll a large number of people, and, by their disorganized action, brought down terrible reprisals by the Germans. These reprisals have bathed the whole region in blood. Everywhere there are large numbers of civilians who have been executed by the Germans.

"After the maquis was driven out of the city, the two most serious developments in this region were those which occurred at Tulle and at Oradour. At Tulle, the maquis, after having taken the city, wished to take a small garrison of about a hundred Germans. The inexperience of the men of the maquis cost them heavy losses. When they were finally able to reduce the garrison, they massacred their prisoners. They also executed a certain number of persons suspected of being collaborationists.

"The Germans, accompanied by soldiers, arrived the following evening and decided to raze the city. On the intervention of the Prefect, and considering that a certain number of German wounded had been saved from the massacre and cared for by the inhabitants, they decided to execute only a part of the population. After two days of terror, they ended by hanging from the balconies of the principal street of Tulle 150 hostages taken haphazard throughout the city. Adding to

this the number of persons killed at the time of the action and during the razing of the city by the Germans, seven to eight hundred persons were victims of this adventure.

"The savagery of the Germans at Oradour is inexplicable. An SS detachment arrived at ten in the morning of the tenth of June. It was market day, and many people from Limoges had gone there to get supplies. There was also a great number of children sent there for their vacation - a total of about twelve hundred persons.

"On the pretext of searching for clandestine munitions depots, the SS commander had all the men shut up in two or three barns, and all the women and children in the church. The abandoned village was then pillaged. At two o'clock, the houses were set on fire, then the barns. The Germans machine-gunned all who attempted to escape. At five o'clock, the church was set on fire. Here again machine guns were used. One woman only managed to escape.

"The German general commanding at Limoges acknowledged before the Prefect that this act dishonored his country. He permitted the bishop and the Prefect to visit the ruins and authorized a funeral service at the cathedral.

"In the face of these barbarous acts, the whole region trembles. The peasants hide in the woods, and scouts signal the arrival of any German vehicles. The country has at one and the same time the violence of the enemy, of the maquis, and of the milice. There is no longer any legal authority. The Prefect is powerless. A wild anger pervades the terrorized people.

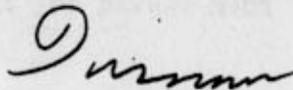
"The fate of Limoges, and that of all the cities in the center of France, is very much the same. At the mercy of this terror - almost impossible to des-

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cribe. The only comfort in this frightful situation is to be found in the intense patriotism of these people, in their hope of prompt deliverance, and in the reaction which is developing against all violence. It is true that all hope for the constitution of the regular army and the reconstitution of a legitimate authority (sic), but it is high time that these hopes and aspirations are supported by concrete and serious action."

It occurred to me that it is the kind of story which you may consider represents a common ground on which de Gaulle and yourself may meet in a public condemnation of these atrocities and in a promise of action to end them.



William J. Donovan
Director

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OFFICE OF STRATEGIC SERVICES

WASHINGTON, D. C.

8 July 1944

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MEMORANDUM FOR THE PRESIDENT

The Russian armistice terms recently selected by Finland contained a reparation demand for six billion dollars payable in five years. A survey of Finland's capacity to pay such a demand indicates that the Finns could meet the Russian bill which is reported to represent one-half the amount of the damage inflicted. I am sending you two brief excerpts from studies prepared by one of our branches. One relates to Finland's capacity to pay Russian reparation demands; the other, to the recovery made by Soviet steel production. I believe that you will find them of interest.

Donovan
William J. Donovan
Director

Enclosures

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E. O. 11652, Sec. 3(E) and 5(D) or (E)

By *WJZ* Date MAY 1 1974

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FINLAND'S CAPACITY TO PAY THE RUSSIAN REPARATION DEMAND

The Russian armistice terms recently rejected by Finland contained a reparation demand for six million dollars payable in five years. A survey of Finland's capacity to pay such a demand indicates that the Finns could meet the Russian bill which is reported to represent one half the amount of the damage inflicted by the Finns. But without foreign loans Finland would have to maintain her standard of living at war-time levels and only minimum reconstruction needs could be fulfilled.

Payment could be made in one or more of the three following ways:

1. In labor services, requiring 200,000 men at Russian disposal for five years. This method is economically, though it may not be politically, feasible.
2. In kind out of current production. At present dollar prices paper, pulp products and cash from exports could be transferred to meet the bill, a method known to be favorably regarded by the Russians.
3. In capital goods, cash or other assets out of balances on hand. Only a small portion of the bill could be paid with such capital assets as ships and machinery. However, payment in cash would probably be preferred by the Finns to the sacrifice of these two categories of goods from stocks on hand.

The above estimate is based on the assumption that Finland will not be forced to begin payments until hostilities

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on the continent have ceased. Under any other circumstances
Finland's economic position would be extremely difficult.

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RECOVERY OF SOVIET STEEL PRODUCTION

By 1 January 1945 Soviet steel production will have reached 16.8 million metric tons per annum or 77 percent of the maximum pre-war output. Thus almost half of the losses in production suffered as a result of the German invasion will have been made up.

Over 3 million tons of steel, that is more than ten percent of domestic production, has been imported during the war in the form of semi-finished and finished steel products.

With half of its plant facilities in the Ukraine, the Soviet steel industry was gravely affected by the rapid advance of the German army. Most of the losses occurred during the first four months of the war, though further losses were suffered in July 1942, when the Germans advanced toward Stalingrad. The total tonnage lost, expressed in terms of annual output, amounted to 11.9 million metric tons of steel ingots, or 55 percent of the maximum pre-war output.

New construction in 1942 was not sufficient to offset the losses in that year. However, starting early in 1943, the industry began to show improvement, which has continued uninterrupted up to the present time. This recovery can be traced to the erection of new open hearth furnaces in existing steel plants east of the battle zone, the utilization of evacuated equipment, the increased productivity of

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the furnaces and the construction of new steel plants in Central Asia and the Urals. A substantial increase in steel output is anticipated during the remainder of 1944 as production is resumed in some of the restored plants in the liberated areas and new facilities come into production in the areas not affected by invasion.

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

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8 July 1944

MEMORANDUM FOR THE PRESIDENT

Miss Grace Tully,
The White House,
Washington, D. C.

Dear Grace:

Would you be kind enough to place
the attached memorandum before the President?

Thank you.

Sincerely,

Bill

William J. Donovan,
Director.

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E. O. 11652, Sec. 3(E) and 5(D) or (E)

CIA 007622

By *ABJ*

Date MAY 1 1974

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

8 July 1944

MEMORANDUM FOR THE PRESIDENT

One thousand Morale Operational "kits" each week have been shipped into Yugoslavia since 31 May. These kits include six stencils, special clandestine paint brushes, an envelope full of specimen poison pen letters, forged Rome newspaper, sabotage instructions, rubber stamp and leaflets.

In addition to the above, OSS in conjunction with OWI, is shipping to the Partisans books, dictionaries, songbooks, harmonicas and magazines, including "Time" and "Readers' Digest".

William J. Donovan,
Director

Donovan
William J. Donovan
Director

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

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9 July 1944

MEMORANDUM FOR THE PRESIDENT

Miss Grace Tully,
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Sincerely,

Bill

William J. Donovan,
Director.

William J. Donovan

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E. O. 11652, Sec. 3(E) and 5(D) or (B)

CIA 007622

By *ABD*

Date MAY 1 1974

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

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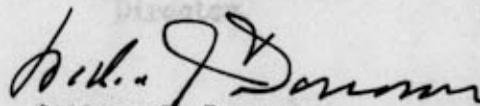
8 July 1944

MEMORANDUM FOR THE PRESIDENT

You may wish an answer to the question on the loads and types of stores being dropped by our planes to resistance groups.

The loads and types vary from week to week, but in all sections the trend is toward dropping more fighting equipment and less clothing.

The average load is 2.5 gross tons which may include 4 machine guns, 44 rifles, 55 sten guns, and a total of 41,000 rounds of ammunition, together with hand grenades, explosives, food and clothing.


William J. Donovan
Director

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

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9 July 1944

MEMORANDUM FOR THE PRESIDENT

Miss Grace Tully,
The White House,
Washington, D. C.

Dear Grace:

Here is a report which I believe will interest the President. Will you please hand it to him?

Thank you.

Sincerely,

Bill

William J. Donovan,
Director.

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E. O. 11652, Sec. 5(E) and 5(D) or (E)
CIA op 11622
By *ARL* Date MAY 1 1974

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

8 July 1944
9 July 1944

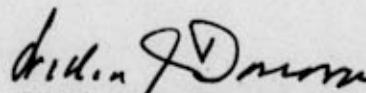
MEMORANDUM FOR THE PRESIDENT

Miss Grace Tully,
The White House,
Washington

Here is a report from our intelligence representative at Kunming:

Dear Grace:

"Today we received a report from Captain Thompson verifying the fact that the Japanese used poison gas against the Chinese 54th Division five miles due east of Hengyang on the night of June 23rd. From the burns observed on two victims, it appears that mustard gas and Lewisite were employed. The report indicated that the Japanese, in order to safeguard their own troops, used the gas only against small groups, in limited amounts and with caution."


William J. Donovan
Director

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**OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.**

10 July 1944
10 July 1944

JSF

PSF

OSS

MEMORANDUM FOR THE PRESIDENT

Our representative in Paris sent us the following

Miss Grace Tully,
The White House,
Washington, D. C.

The following is a cable to Ribbentrop from von Papen.

sent about the middle of June. (Although the number

Dear Grace:

and date have been out, the letter can be determined

The attached memorandum will, I believe, be of interest to the President.

Yesterday the first reception for heads

Will you please hand it to him? Thank you.

of missions was held, and Saragocin had a talk with

Sincerely

the Bulgarian Minister. I consider the talk they had

an extraordinary one. Bulgarian Minister asked if a

fundamental change in policy had read into

Bill
William J. Donovan
Director

Suzan's departure. The Turkish request that

Turkey could not use her rights against the allies

might be interpreted to mean that hereafter she

would yield to Allied demands for unceding bases.

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E. O. 11652, Sec. 3(E) and 5(D) or (E)

CIA 007620

Bill

Date MAY 1 1974

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

10 July 1944

MEMORANDUM FOR THE PRESIDENT

Our representative in Bern sent us the following information:

"The following is a cable to Ribbentrop from von Papen, sent about the middle of June. (Although the number and date have been cut, the latter can be determined from the information given at the end of the cable.)

"1. Yesterday the first reception for heads of missions was held, and Saracoglu had a talk with the Bulgarian Minister. I consider the talk they had an extraordinary one. Bulgarian Minister asked if a fundamental change in policy should be read into Numan's departure. The Turkish premier's remark that Turkey would not use her rights against the Allies might be interpreted to mean that henceforth she would yield to Allied demands for conceding bases. This received a categorical denial from Saracoglu.

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-2-

Should Turkey enter the war, Bulgaria would automatically be the first to feel the effect. However, he fails to see why there should be any change in the relations between the two countries, which he stated were altogether amicable. He did not consider the mobilization of the Bulgarian army as a move against the interests of Turkey, but rather as a perfectly natural step. He had received advice that the new government in Bulgaria was firmly maintaining order and was trying to steer clear of any break with the USSR if possible. Saracoglu recommended that this policy be continued. Turkey would be confronted with a difficult situation if Soviet armies were to begin operating in Bulgaria. Nor should the Soviets forget that at their lowest point, when the Nazis were in the Caucasus, Bulgaria held firm against German pressure to enter the war. To the Premier's amazement, Balaba replied that this was incorrect and that the Reich had never put pressure on Bulgaria to enter the war against the USSR. The talk appeared to have satisfied Balaba, who left with the belief that the prime minister's assurances were sincere, certainly

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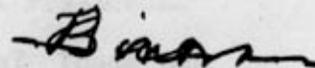
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-3-

for as long as there was no change in the situation on the Rumanian front.

"2. The Turkish President went to Thrace on a trip of inspection.

"3. Yesterday, for the first time, radio programs were exchanged between the United States and Turkey. Introductory speeches were delivered by Salim Sarper, Ambassador Steinhardt, and his wife."



William J. Donovan
Director

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

PSF
OSS

10 July 1944

Miss Grace Tully,
The White House,
Washington, D. C.

Dear Grace:

I am enclosing a memorandum which
I am sure the President will find of interest.

Will you please hand it to him?

Thank you.

Sincerely,

William J. Donovan,
Director.

DECLASSIFIED

E. O. 11652, Sec. 3(E) and 5(D) or (E)

CIA 007622

By

APL

Date MAY 1 1974

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Almanac folder 2-44

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

*PSF
OSS*

"(A) On 10 July 1944

MEMORANDUM FOR THE PRESIDENT

Here is a message just received through OSS in Berne from our informant strategically placed in Berlin:

"(B) From Madrid, Ambassador Dieckhoff wired the following on July 2nd: In the last two days, 1. With reference to the rocket bombs, extremely secret information from Pari (Koerperbau) reveals that the 'gerade Laufapparat' is produced in Gdynia, at the Ascania works; both the V-1 and V-2 models are made in Hersograd (sic), which is located in Niederdonau, in the vicinity of St. Valentin; the 'Duesen' are built at the Krupp works in Wuppertal; additional parts which are not named are manufactured by the Siemens-plaunia factories at Murtenberglech (sic), situated 30 kilometers north of Augsburg.

2. Approximately 10% of the V-1 model rocket bombs will have short-wave transmitters installed in them. The purpose of this will be to direct the path and aim of the rocket bomb. The problem which arises with respect to this, however, is whether waves transmitted from England will be able to interfere with the apparatus.

3. To the best of the informant's knowledge, Berlin has not been able to obtain any first-hand information regarding consequences of the bombing of southern England. They have secured the following indirect reports, however, through third persons:

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CIA 007622
By *ARL* Date MAY 1 1974 **DECLASSIFIED**

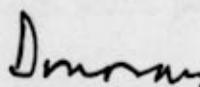
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-2-

"(A) On June 29th, von Papen wired Berlin that he was informed in confidence by the Deputy General Secretary that although England has ended the suspension of diplomatic privileges and although the Turkish government has asked its Embassy at London for a report on this topic, still no report has been received. Britain has requested all diplomatic representatives stationed in England not to transmit any information regarding the invasion situation and the Nazi weapon.

"(B) From Madrid, Ambassador Dieckhoff wired the following on July 2nd: In the last two days, the initial results of the rocket bombing of southern England have become a great deal graver. If this bombing is maintained, it is anticipated that there will be heavy damage and disorder, even though public services have not yet been halted. Dieckhoff's information was based on a cable from Alba which reached Madrid on July 1.

"4. In the neighborhood of Orlamuende, south of Kahla on the railroad line between Rudolfstadt and Jena, a large new airplane plant is being built. It is underground in part. It was already bombed on either June 29th or 30th, but this raid did not cause much injury and the plant will soon be in operation. Pursuit planes (Jagd maschinen) are manufactured here; in addition, perhaps new secret weapons are also produced. In comparison with the V-1 model, the V-2 travels through the stratosphere. It is radio-controlled and is therefore a more accurate weapon. In addition, it possesses a longer range. This new model will be in use by the Nazis within 60 days, at the outside."


William J. Donovan
Director

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

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10 July 1944
10 July 1944

MEMORANDUM FOR THE PRESIDENT

Here is a report from our representative in
Miss Grace Tully
The White House
Washington, D. C.

*1. The following is dated the 24th of
Dear Grace: the Bari Legation in Brussels expect
landings Will you please hand the attached re-
port to the President? Thank you. the south of
the Sasse River. Our Sincerely want believes
that landings close to coast would be assisted
by the disastrous transport situation in
Belgium and the north William J. Donovan re-
duced the Belgian bread ration to 250 grams. greater
reduction is incident. Seven hundred railroad cars
are required every day for several Belgian food
supplies and only 163 are available at the moment.
The transport situation will become very

Bill

William J. Donovan
Director

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E. O. 11652, Sec. 3(E) and 5(D) or (E)

CIA 007622
By *ABJ* Date MAY 1 1974

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

10 July 1944

MEMORANDUM FOR THE PRESIDENT

Here is a report from our representative in Bern which was received from our agent in Germany.

"1. The following is dated the 24th of last month: the Nazi Legation in Brussels expect landings in the near future, in the vicinity of Ostend, Antwerp, Rotterdam and/or the mouth of the Somme River. Our German informant believes that landings close to channel would be assisted by the disastrous transport and food situation in Belgium and the north of France. They had reduced the Belgian bread ration to 250 grams; greater reduction is imminent. Seven hundred railroad cars are required every day for normal Belgian food supplies and only 163 are available at the moment. The transportation situation will become more critical in the next few months. For July, 100,000

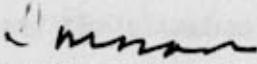
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- 2 -

tons of early potatoes are needed by Belgian cities;
160,000 tons of wheat from August to September;
500,000 tons of late potatoes from August to November;
1,200,000 tons of beets from October to December.

"2. The following is dated the 23rd of last month: Report from Paris stated that civilian rail-road transportation with the Reich has been halted for five days."


William J. Donovan
Director

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

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PSF

10 July 1944

OSS

MEMORANDUM FOR THE PRESIDENT

Miss Grace Tully,
The White House,
Washington, D. C.

Dear Grace:

Would you be kind enough to place
the attached memorandum before the President?

Thank you.

Sincerely,

Bill

William J. Donovan,
Director.

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E. O. 11652, Sec. 3(E) and 5(D) or (E)

CIA 007622

By *MBJ*

Date MAY 1 1974

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

10 July 1944

MEMORANDUM FOR THE PRESIDENT

There follows a report received from our representative in Berne:

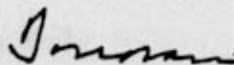
"Through a Norwegian source in France, previously shown to be fairly dependable, we have obtained the information reported below:

"There was a critical situation last week in the OKW High Command for France. Hitler ordered both Rommel and von Rundstedt to appear before him, as the result of the latter's threat to give up his position because of his quarrels with Rommel. From the start of the landings in Normandy, Rommel had insisted upon bringing up the full German reserves; on the other hand, von Rundstedt retained sizeable concentrations of troops in the Black Forest and to the north and east of Paris because he feared huge paratroop landings by the Allies to the east, possibly even in the Vosges region and along the Rhine River. It is reported that the Fuehrer himself had given his approval in advance to von Rundstedt's plan. Von Rundstedt was bitterly angry against Rommel for arguing against this plan directly with Hitler. It is stated that the Fuehrer settled the feud and Rommel will not make his reports hereafter to Hitler directly, but will send them through von Rundstedt. It is felt that this reconciliation will have a brief existence.

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- 2 -

"The source advises that from every corner of Europe, forces are reaching France to take part in the Normandy struggle. One division has come from Hungary, one from Rumania, one from Norway and 2 have arrived from East Prussia. The Nazis are faced with important difficulties because of transportation troubles and now by the lack of gasoline. Large numbers of Nazi troops were forced to halt south of Paris en route to the front as a result of the fact that supplies and heavy equipment did not reach them from the warehouses in Germany. According to the report, the Germans are according priority to the Normandy front over the Russian front until the close of July. The Nazis are aware that the Soviet armies are likely to have reached the Vistula River by then; however, at that time Hitler will take a stand. Families of officers residing to the east of Koenigsberg in East Prussia are moving to Austria, according to information reaching these officers."



William J. Donovan
Director

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

10 July 1944 .

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PSF
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MEMORANDUM FOR THE PRESIDENT

Miss Grace Tully,
The White House,
Washington, D. C.

Dear Grace: We have just obtained from our informant in Germany a report which is dated the 3rd of this month.

Will you please hand the attached memorandum to the President? Thank you.

Sincerely
Bill
William J. Donovan
Director

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E. O. 11652, Sec. 3(E) and 5(D) or (E)
CIA 007622
By *APJ* Date MAY 1 1974

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-2-
OFFICE OF STRATEGIC SERVICES

WASHINGTON, D. C.

concerning the amount of tonnage which it could be fairly assumed to account to merely some tens of thousands of tons. If the tonnage were to account to merely some tens of thousands of tons, it would not justify running the chance of Argentina declaring war; however, it would be worth the risk if the tonnage they expected to sink were to amount to hundreds of thousands of tons. By July 3rd, SKL's MEMORANDUM FOR THE PRESIDENT had not yet reached the Foreign Office.

We received the following report from

Bern:

"We have just obtained from our informant in Germany more material which is dated the 3rd of this month.

Director
"In a message dated June 22nd, the Seekriegsleitung [conduct of sea warfare], (hereafter referred to as SKL) reminded the Foreign Office that after the middle of July, 1943, it had been agreed with the Foreign Office that submarines were not to operate off the coast of South America below the latitude of 28° South. SKL advised that it was considering ending this limitation and requested the concurrence of the Foreign Office in this decision. The reason given by SKL for this proposal is that the rupture of diplomatic relations with Argentina terminates the necessity, in SKL's opinion, of maintaining the restriction. The proposal would not involve the limitation against sinking or seizing Chilean or Argentine vessels. SKL wishes to be free to operate in this region since they will not have to contend with any organized protection system, especially none like the powerful enemy air patrol operating off the coast of Brazil. This fact offers a prospect of success in this region. According to SKL's plan, just one or two U-boats would be used at the beginning. In the event that it should appear possible to obtain greater successes, more submarines would be used.

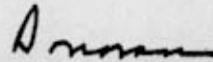
"In its answer, the Foreign Office inquired of SKL

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-2-

concerning the amount of tonnage which it could be fairly assumed would be sunk. If the tonnage were to amount to merely some tens of thousands of tons, it would not justify running the chance of Argentina declaring war; however, it would be worth the risk if the tonnage they expected to sink were to amount to hundreds of thousands of tons. By July 3rd, SKL's answer to this inquiry had not yet reached the Foreign Office."



William J. Donovan.
Director

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

10 July 1944

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MEMORANDUM FOR THE PRESIDENT

The following report was received from our re-

pres Miss Grace Tully,
The White House,
Washington, D. C.

the substance of a secret message sent to the Minister of the German Legation in Bulgaria by von Ribbentrop. The message is dated July 2nd and states that it is for the minister himself, reference to his #587 dated June 30th.

Dear Grace:

Will you please hand the attached memorandum to the President? Thank you.

In the military matter of removing various military installations from the coast of the Black Sea, which is of such great importance to us, it is extremely unfortunate that Bogdanoff reached an agreement with the Russian Charge d'affaires to make a Sincerely
William J. Donovan
Director

Any impression of giving in to Soviet demands should have been avoided, even if we can, from the military aspect, remove or disguise such installations along the coast.

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E. O. 11652, Sec. 3(E) and 5(D) or (E)

CIA 007622

By DBJ Date MAY 1 1974

We feel that the Russian Legation in its nature... the Soviet Union in part on the matter of the military installations will not prevent them from urging the establishment of Russian consulates to the harbor

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OFFICE OF STRATEGIC SERVICES

WASHINGTON, D. C.

10 July 1944

MEMORANDUM FOR THE PRESIDENT

The following report was received from our representative in Bern:

"The following is the substance of a secret message sent to the Minister of the German Legation in Bulgaria by von Ribbentrop. The message is dated July 2nd and states that it is for the minister himself, with reference to his #587 dated June 30th.

"Please deliver at once the following message from me to the Bulgarian Foreign Minister. It should be transmitted orally:

1. In the military and political matter of removing various military installations from the coast of the Black Sea, which is of such great importance to us, it is extremely unfortunate that Draganoff reached an agreement with the Russian charge d'affairs to make such removals without notifying us in advance and without obtaining our concurrence beforehand. Consequently our own situation is affected adversely.

2. Any impression of giving in to Soviet demands should have been avoided, even if we can, from the military aspect, remove or disguise such installations along the coast.

3. We feel that the note of May 18th which the Russian Legation submitted is obviously an ultimatum in its nature. As a result, to have yielded to the Soviet Union in part on the matter of the military installations will not prevent them from urging the establishment of Russian consulates in the harbor

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cities of Bulgaria. In addition, it is probable that the Soviet Union will make larger demands. This will cause them to apply ceaseless pressure on Bulgaria.

4. Nevertheless, we are willing to determine to what extent the wishes of the Foreign Minister of Bulgaria can be fulfilled by the removal or disguising of the installations in question. This would be determined by a joint Bulgarian-German military study. It is necessary to delay the political decision involved in the matter until the military aspects are clarified. We will issue appropriate orders to the proper German military officials and we request that similar orders be issued to the proper Bulgarian military officials.

5. With respect to the political judgment to be reached in the matter, the problem has certain complications as the result of:

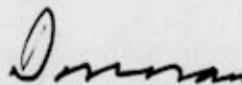
(A). The verbal commitments which the Foreign Minister of Bulgaria has already given to the Russian charge d'affaires.

(B). The establishment of Russian consulates is an ultimatum, carrying the sanction of the rupture of diplomatic relations if the ultimatum is not obeyed. Hence it will prove impossible in the end to induce the Soviet Union to yield on its demands.

The previous Bulgarian government and the Regency always were of the opinion that, without respect to the military aspects of the matter, it was impossible to permit consulates to be established because it was not consistent with Bulgaria's sovereignty. Moreover, it would permit the Russians to organize points for the dissemination of Bolshevik propaganda. It appears obvious, therefore that the Russian demand will end in the breaking off of relations anyway, in spite of the Bulgarian government's desire to take consideration of the feelings of the Bulgarian

people and to win delays. Consequently in preparing the reply to the Russian note of May 18th, it is necessary to give full study to all military and political factors affecting both Bulgaria and Germany. As has already been agreed, we therefore request that you consult with us on the reply to this note, following the completion of the military study. This closes the directions for your discussion with the Bulgarian Foreign Minister.

Please advise the appropriate German military command in confidence of the foregoing directions and inform them they should protect their interests in the matter of the military installations along the coast. According to your wire mentioned above, the German military officials should decide which of these installations it is necessary to keep. Thereupon they should obtain the agreement of the Bulgarian military authorities to back up the German decision as if it were their own, since you advised us that the Bulgarian army officers want to keep as many of the installations as they can. In this way, it would be possible to restrict the concessions to Russia to insignificant removals. You should make it apparent in your report on the study of the installations that keeping the installations which we regard as vital is in compliance with the request of the Bulgarian army officials. Kindly emphasize this factor to the German army officials in your discussions which, obviously, have to be kept secret. With reference to the orders which should go to the German army officials in Bulgaria, we will get in touch with the Oberkommando der Wehrmacht. "



William J. Donovan
Director

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

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10 July 1944

10 July 1944

MEMORANDUM FOR THE PRESIDENT

General de Gaulle and General Bethouart both

Miss Grace Tully, the resistance movement in Indo-China
The White House,
Washington, D. C.

Dear Grace:

I would appreciate it if you would place
the attached memorandum before the President.

Thank you.

Sincerely,

Bive

William J. Donovan,
Director.

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E.O. 11652, Sec. 3(E) and 5(D) or (E)
CIA 007622
By *WPS* Date MAY 1 1974

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

-2-
10 July 1944

from Algiers to India. These men have been trained for
MEMORANDUM FOR THE PRESIDENT at the appropriate time,
be dropped into Indo-China by parachute.

General de Gaulle and General Bethouart both
While we are prepared to go ahead with this
talked to me about the resistance movement in Indo-
operation, either dropping the men from Admiral Mount-
China. You will recall that I advised you some time
batten's theater or General Stilwell's theater, first of
ago that we were working on this movement in Indo-China
all it seemed advisable to get the question of jurisdic-
through General Pechkoff, who is the French Ambassador
tion settled. I am not aware whether there has been any
to China and former chief of the French Military Mis-
change in the decision of the Quebec Conference whereby,
sion to China.

I understand Admiral Mountbatten was not given jurisdic-
tion over Indo-China.

However, the French now have taken up with
the British the matter of having Admiral Mountbatten
I wanted to advise you of this as I am now
join with us in aiding this movement in Indo-China.
taking the question up with the Joint Chiefs of Staff.
General Bethouart has just been in and told me that
he has been advised by the British that the matter is
now in Mr. Churchill's hands.

We have up with the French the question of
moving some 500 French soldiers under General Brassard

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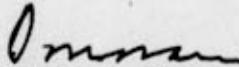
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-2-

from Algiers to India. These men have been trained for special operations and would, at the appropriate time, be dropped into Indo-China by parachute.

While we are prepared to go ahead with this operation, either dropping the men from Admiral Mountbatten's theater or General Stilwell's theater, first of all it seemed advisable to get the question of jurisdiction settled. I am not aware whether there has been any change in the decision of the Quebec Conference whereby, I understand Admiral Mountbatten was not given jurisdiction over Indo-China.

I wanted to advise you of this as I am now taking the question up with the Joint Chiefs of Staff.


William J. Donovan
Director

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

10 July 1944
10 July 1944

PSF
OSS

MEMORANDUM FOR THE PRESIDENT

He received the following report from...

Miss Grace Tully,
The White House,
Washington, D. C.

Dear Grace:

Will you please hand the attached memorandum to the President? I believe it will be of interest to him. Thank you.

Sincerely

Bill

William J. Donovan
Director

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E. O. 11652, Sec. 3(E) and 5(D) or (E)

CIA 007622

Date MAY 1 1974

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

of its most urgent needs for foreign exchange needed for the cost of its diplomatic representation and for other commitments involving foreign currencies.

MEMORANDUM FOR THE PRESIDENT

... this smuggling and the outlook for the following six months are still as good as they were before. It is possible for us to anticipate that for the last half of the current year, as in the past. We received the following report from our representative in Bern: additional 3,000,000 Swiss francs worth of ball bearings have reported above. Moreover, the ball bearings in question are the kind which Germany requires. England and America, during the course of the negotiations held between the Swiss and the Allies in Lisbon in May concerning the restriction of Swiss bank dealings with the Nazis, insisted on the following, in addition to other demands: that the Swiss should prevent the buying of foreign exchange (escudos and Swedish crowns) in Switzerland and that the Swiss should halt gold transactions between the Swiss and the Reichsbank. However, negotiations also took place between the Swiss and the Nazis at the close of May concerning blocked credits. Within the context of these discussions, Puhl of the Reichsbank was successful in coming to an agreement with the president of the Swiss National Bank, a man named Weber. Weber is personally friendly with Puhl. By the terms of this arrangement, it is possible for the Reichsbank, within the framework of their previous gold transactions, to sell gold for Swiss francs in accordance with a monthly quota. This quota amounts to approximately 6,000 kilograms of gold, worth approximately 30,000,000 - 40,000,000 Swiss francs. If it should become necessary, Weber stated, he was ready to take even more gold than the amount fixed in the monthly quota. Under the fairly broad arrangement thus reached, it will be possible to exchange Swiss francs just as before for the foreign exchange of 3rd countries. This will allow Germany to take care

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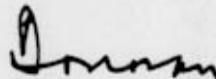
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of its most urgent requirements for foreign exchange, needed for the cost of its diplomatic representation and for other commitments involving foreign currencies.

The effects of this smuggling and the outlook for the following six months are still as good as they were before. It is possible for us to anticipate that for the last half of the current year, as in the initial half, Germany will receive an additional 3,000,000 Swiss francs worth of ball bearings through the means I have reported above. Moreover, the ball bearings in question are the kind which Germany requires most and on which deliveries are needed as quickly as possible.

If the requisite precautions continue to be maintained, this well-handled channel will not be in any risk in the near future, according to all signs. In connection with the general situation respecting the negotiations, please consult the report I sent today, the Delegations #26 and the Legation's #2069. My report contains full particulars. This wire should not be distributed to any other agencies."



William J. Donovan
Director

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Donovan folder 2-44

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**OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.**

10 July 1944

PSF

MEMORANDUM FOR THE PRESIDENT

From our representative in Bern, I received
Miss Grace Tully
The White House cable:
Washington, D.C.

"On the evening of July 7, a special courier arrived at the French Embassy from Vichy bearing with him an unsigned paper dated the 22nd of last month. I supposed to have handed this himself to the courier, saying that it was from Marshal Lyautey and that he would like to see it. I retained it in the hope that Roosevelt would get it. My representative in Bern gave it to me, at which I will be of interest to him.

The document is three pages long and seems, in my opinion, to be authentic. It takes up the question of French administrative services under the occupation, saying that British and American troops are landing on French soil in order to free it from the Nazi invaders. It declares that the French people are willing to suffer without protest, the destruction that will inevitably accompany their liberation and are aware that they will have to establish all sorts of administrative services. However, they do not see the need for any replacement of the legitimate French civil administration by a U.S.-British administration or by one which they appoint. It declares that a civil war might result from trying to force this on the country and that even

Sincerely

Bill
William J. Donovan
Director

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E. O. 11652, Sec. 3(E) and 5(D) or (E)
CIA 007622
Date MAY 1 1974
ABJ

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

10 July 1944

MEMORANDUM FOR THE PRESIDENT

From our representative in Bern, I received today the following cable:

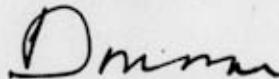
"On the evening of July 7, a special courier arrived at the French Embassy from Vichy bearing with him an unsigned paper dated the 22nd of last month. Menetrel is supposed to have handed this himself to the courier, saying that it was from Marshal Petain personally and was to be handed over to me in the hope that Roosevelt would get it. 472 (472 is a valuable intelligence contact of the OSS representative in Bern) gave it to me, at which I said nothing and did not undertake to forward it.

The document is three pages long and seems, in my opinion, to be authentic. It takes up the question of French administrative problems under the occupation, saying that British and American troops are landing on French soil in order to free it from the Nazi invaders. It declares that the French people are willing to suffer without protest, the destruction that will inevitably accompany their liberation and are aware that the Allies will have to establish all sorts of strong military services. However, they do not see the necessity for any replacement of the legitimate French civil administration by a U.S.-British administration or by one which they appoint. It implies that a civil war might result from trying to force this on the country and that even Communism might be the

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eventual outcome. The document insists that Pétain still bears a regular mandate of authority from the National Assembly and as such is the sole legitimate symbol of French sovereignty, regardless of whether the complete exercise of this authority is prevented by circumstances. In consideration of the foregoing, the document goes on to say that the following principle should be observed: "The Allies should keep in office all regularly appointed officials, with the exception of those who have excited public opinion by their attitude. In addition whichever officials are substituted for them "will act only in the capacity of deputies and their appointment will be solely on a temporary basis, so long as it is not ratified by the head of the State, Marshal Pétain."



William J. Donovan
Director

PSF: OSS

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

13 July 1944

MEMORANDUM FOR THE PRESIDENT

Miss Grace Tully,
The White House,
Washington, D. C.

Dear Grace:

Here is a report that I believe will
interest the President. Would you please hand it
to him?

Thank you.

Sincerely,

Bill

William J. Donovan,
Director.

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

12 July 1944

MEMORANDUM FOR THE PRESIDENT

The following has been received from our representative in Berne. For what it is worth, I direct your attention to Paragraph 2.

"GERMANY

"1. A neutral observer gives his impressions of Germany as follows: A revolution is not to be expected; the people are too apathetic and too closely supervised by the police. A collapse can only come as the Allied troops arrive. Further, no Badoglio development is likely there. The opposition movements are not in any position to take such a step. Germany is destined to continue until the end and until the complete defeat. This is true even though there are divergencies within the ranks of the Party. At the present time, Goering is under suspicion. The foreign workers are almost as much a cause of internal alarm as the Allied or Russian armies. In certain agricultural areas of Prussia, for example, there are only women, children, and aged, and hundreds of Polish and Russian workers. Even though the latter are not armed, they could easily overcome the handful of guards. The same source reports that the German High Command is now reconciled to giving up a great deal of territory in the East and to seeing the Russians at the frontiers of the Reich. The Germans think that, at that time, they would have many who would support their efforts to find peace, for example, the Pope, and various neutral countries. In any event, the present watch-word is, withdraw at the East and hold firm at the West.

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"2. Here is an amusing story which I pass on, rather as gossip, because it will not admit of confirmation. The various Nazi chiefs will not seek death in case of defeat, and will not surrender. They will go to various countries: the Argentine, Japan, Ireland. Hitler, so the report runs, has chosen Ireland, as he is convinced that the Irish would not turn him over to the English. Goering will go to Sweden. At the critical moment, it is said that the Wehrmacht would gladly facilitate the departure of Hitler, to avoid having the problem of delivering him to the Allies, and thus leave to the Allies the difficult and delicate task of obtaining his extradition. In connection with this somewhat extravagant story, it is interesting to conjecture whether the astounding inactivity of the German submarines could possibly be tied in with a German program for a massive delivery of submarines to Japan, possibly tied in with a flight there of leaving Nazi personalities. Japan will probably not be anxious to receive the Nazis, unless they got good value with them; but if Germany could deliver with a few Nazis a hundred submarines, plus crews and technicians, the Japs might take the high Nazis thrown into the bargain. There is, as yet, no evidence whatever to back up this hypothesis, and I merely throw it out as something that might be worth watching. I do not know technically how many of the German submarines could be re-equipped to make this long journey, or how they could be refueled en route.

"3. I call your attention to Goebbels' speech given, I believe, yesterday, in which he dramatically admitted that the German people were in danger, and again played the tune that it was a question of complete destruction or fighting on with every ounce of strength to ultimate victory. He also stresses here the theme, which we can expect to have repeated from now on, that Bolshevism is on the threshold of Europe.

"4. Those acquainted with German military affairs say that the loss of General Dietl is a very serious one for the German Army. Dietl was the outstanding German expert in mountain warfare, and might have played a consid-

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erable role in the end phases of the war in defending the inner German line, such as the Alps and the Carpathians. The other German general particularly competent to command alpine troops is General Schoerner, who is presently operating in the Carpathians. While Dietl was extremely popular among the rank and file of his troops and could command their full cooperation, Schoerner, on the other hand, is quite unpopular with his men.

"5. A further report on the significance of von Kluge's appointment states that it will mean the restriction of Rommel's authority. Kluge is reported to have made it a condition for taking over the command that all decisions regarding the campaign were to be submitted to him. He has already made a tour of inspection, and it is said that he has demanded more armored divisions and more aircraft, and that various re-formed elements from Russia, now being recuperated and re-formed in Austria, would be moved to France as soon as their organization is completed.

"6. The shortage of manpower in Germany is again evidenced by a recent order in the official publication of the Reichsbahn, which I have just received. This authorizes the German railways to employ foreign female workers over sixteen. The same publication takes note of the prevalence of smuggling letters and documents abroad by railway employees, and attention of these employees is called to the severe penalties for this traffic under existing German laws. The June 16th edition of this gazette of the Reichsbahn contains an appeal from the president of the Reichsbahn, Dr. Roser, recognizing the tremendous demands placed on the railway employees by the "air terror" and dramatically asking them 'in this decisive hour to continue to put forth their best efforts until the final victory of Greater Germany'. The tone of everything that comes out of Germany these days is grim, to say the least.

"FRANCE

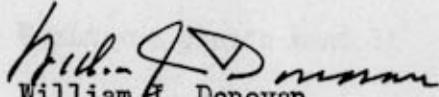
"1. A report received from France states that the

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Communists are endeavoring to profit by the terror resulting from the German reprisals to intensify their propaganda to take over the leadership of the resistance movement. Also they are asking that Maurice Thorez be sent to Algiers. It is said that the French Communists are also asking the local Liberation Committees, in which they would have a dominating voice, to take the place of the municipal and local authorities in the liberated areas. This same report states that the moderate elements, attacked by the extremists at the right and the left, are becoming more and more discouraged and feel that they do not have the necessary encouragement and support from the Allies."


William F. Donovan
Director

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

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13 July 1944

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MEMORANDUM FOR THE PRESIDENT

13 July 1944

Here is a report that we received from our

representative in Bern:

Miss Grace Tully,
The White House,
Washington, D. C.

part of July 1944, the Japanese
Captain Morito Marichima, in
Portugal, Morito Marichima, in
to have conferred with Prime Minister Salazar.
Their conversation was reportedly as follows:

Dear Grace:

Would you be kind enough to place
the attached report before the President?

Thank you.

Sincerely,

Bill

William J. Donovan,
Director.

Captain Jose Joaquim da Silva e Costa arrived
the last week of July 1944. With the
suspension of the Japanese occupation of Timor
Portugal, the Japanese have seized all
Timor and that the island is no longer under
Portuguese rule. The government of Portugal has
no alternative but to accept the Japanese
their occupation of Timor. The colony
will be occupied by Portugal.

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E. O. 11652, Sec. 3(E) and 5(D) or (E)

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

13 July 1944

MEMORANDUM FOR THE PRESIDENT

Here is a report that we received from our representative in Berne:

"The early part of July 1944, the Japanese Minister to Portugal, Morito Morishima, is said to have conferred with Prime Minister Salazar. Their conversation was reportedly as follows:

"Salazar informed the Japanese Minister that the Portuguese government has now received most of the report which was forwarded from Timor by Captain Silva e Costa.* This report substantiates the fact that the Japanese have seized all of Timor and that the island is no longer under Portuguese rule. The government of Portugal has no alternative but to demand that the Japanese end their occupation of Timor and the colony again be occupied by Portuguese troops.

"To this, the Japanese Minister replied that Japan could not withdraw her troops at this time.

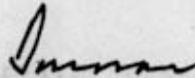
* Captain Jose Joaquim da Silva e Costa arrived in Timor the last week in March 1944. With the permission of the Japanese government, he went as an official Portuguese observer to examine conditions under the Japanese occupation."

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"Salazar stated that he would set a date for a second discussion as soon as the full report arrived. He is said to be worried lest the United States expect Portugal to participate soon in the reconquest of Timor.

"Morishima is said to have remarked later that Salazar mentioned nothing regarding the question of whether joint military operations are to be anticipated. The Japanese Minister was expected to try to gain time, particularly since he feels that Salazar will not expedite the matter."



William J. Donovan
Director

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

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*Grace to file.
W.H.P.*

13 July 1944
13 July 1944

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MEMORANDUM FOR THE PRESIDENT

Miss Grace Tully
The White House
Washington, D. C.

I attach a memorandum summarizing
a series of conversations had by one of our
Dear Grace:

representatives with certain Soviet Officials
in Washington and New York. Those statements
memorandum to the President.

which can be checked are in accord with the data
we have from other sources.

Thank you.

Sincerely

Bill

William J. Donovan
Director

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CIA 007622
BY *W.P.* Date MAY 1 1974

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

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RUSSIAN POLICY TOWARD WARSAW

The rapid progress which 13 July 1944 by the Soviet
armies in their campaign against Germany indicates the
direction of what Moscow's policy may be toward Warsaw after
final victory.

MEMORANDUM FOR THE PRESIDENT

Decisions on this point would have been approved
recently in Soviet military and political circles in this
country, indicate that the following points were
made in a series of conversations had by one of our
representatives with certain Soviet Officials
in Washington and New York. Those statements
which can be checked are in accord with the data
we have from other sources.

Donovan

William J. Donovan
Director

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July 8, 1944

RUSSIAN POLICY TOWARD GERMANY

The rapid progress which is being made by the Russian Armies in their campaign against Germany raises the question of what Moscow's policy may be toward Germany after final victory.

Reactions on this point which have been expressed lately in Soviet military and diplomatic circles in this country, indicate that it would be a mistake to assume that Moscow's policy toward Germany has already been settled in all its details. On the contrary, it is stressed that certain fundamental problems are constantly being studied in leading Russian circles and will no doubt be subject to changes depending on the course of events in the near future.

A review of some of the principal points which have thus been studied may therefore be of particular interest.

As outlined repeatedly in previous reports, Stalin and his followers emphasized in official statements given out during the early stages of the Russian German war, the necessity of drawing a sharp line between what may be termed "Hitler and his Gang" on the one hand, and the "German people" on the other. During the early part of 1943

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Stalin's slogan:

"History teaches that Hitlers come and go but the German people and the German State remain"

more or less represented the expression of the leading principle governing Moscow's policy toward Germany. Nevertheless, beginning with 1943, and more particularly in 1944, following the successes of the Russian campaign and the liberation of Russian territory, the policy of the Soviets sustained a change worth noting. Moscow now stresses the responsibility of the "German people".

In the fall of 1943, Manuilski, one of the leaders of the Communist Party, plainly stated that: "The Soviet Union will hold the entire German Fascist Army responsible for all destruction and criminal acts which were committed on Russian territory".

On the 26th Anniversary of the Red Army in February 1944, as well as during the official party festivities on the First of May, the slogan adopted called for the extermination of the "German scoundrels", as against "Fascist scoundrels".

It is claimed that whereas leading Foreign Office officials in Moscow, including Molotov, Maisky, Litvinov and others, advocate the necessity of a compromise with Anglo-American policy in regard to Germany, on the ground that radical harshness might alienate favorable public opinion in Great Britain and America, military leaders

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backed by Party representatives in the liberated regions insist upon an intransigent attitude toward Germany. In this latter connection, it is interesting to mention the fact that Sir Vansittart's proposed post-war policy toward Germany has found many sympathizers in Russia, especially in the Army and Navy, although nothing to this effect has ever been published in the Soviet press. On the other hand, Soviet diplomatic circles claim that Stalin himself is inclined to follow "a middle course". He is reported to be convinced that the punishment of war criminals would give sufficient satisfaction to the Russian people and the Red Army commanders. The Kharkov trial is mentioned as a case in point and is believed to have been staged by way of a preliminary experiment and an indication for the future.

It is the consensus of Soviet opinion in this country, that the foregoing line of action will continue to be followed to meet both domestic and foreign policy issues, and that trials similar to the one which was held in Kharkov may deter the Nazis from committing new crimes on the eve of their final collapse. It is indicated, however, that there is perfect unanimity between Stalin and all Party and Army leaders on the necessity of eradicating every remnant of Germany's military machine and every vestige of Nazi Party organization. It is also safe to say that the elimination of all representatives of the German ruling class, including the big Prussian landowners, industrial-

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ists, etc. has been decided upon. This is clearly indicated in the Russian projects dealing with the military occupation of Germany, as well as in the instructions which have been given to the underground movements throughout Europe. Finally, the propaganda broadcasts of the Committee of Free Germany clearly advocate the above post-war policy toward Germany.

From the viewpoint of Russian circles, the issue has a direct bearing on prospects of a German revolution. At the present time, Moscow does not anticipate a collapse of Nazi Germany before Hitler's Army has been completely defeated. The Russians do not look forward to any serious trouble taking place in Germany until the day when either the Red Army or the Allies will be fighting on German territory. In general, official Soviet opinion on a revolutionary movement in Germany is rather reserved at this moment. Moscow is much more familiar with the strength of the anti-Hitler movement in Germany than Allied countries are, and is not inclined to over-estimate the potentialities of this movement, which they consider to be rather weak, scattered and lacking the necessary leadership. Similar considerations apply to the clerical movement. The Church is likewise divided: there does not appear to be any unity among Protestants supporting the Niemoeller group, whereas the Catholic Von Gahlen group is torn by internal conflicts.

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Moscow does not believe that the Church movement in general and the Catholic Church in particular can be expected to play an important part or contribute effective support at the critical moment. Insofar as the big industrialist class is concerned, they are completely in the throes of the Nazi Party. The old Social Democratic leaders and the Neo-Communists do exert a certain influence, but they are numerically weak and dread the consequences of a possible defeat for the future of their adherents. Finally, as to the emigrants, they have not shown any initiative, nor have they the means of forming the necessary ties with parties in Germany in order to organize a successful movement.

The foregoing analytical review, coupled with the experience in Italy, which is closely watched by Moscow as a possible yardstick of what might happen in every liberated Fascist country, has led the Russians to the conclusion that the German collapse, when it comes, may develop in the form of spontaneous, disorganized outbursts, while German society itself may be radically broken up for many years to come.

It may be remembered that Moscow has been experimenting with a project of utilizing certain elements in the German Army for revolutionary purposes. These experiments have been rather disappointing. The "Committee of Free Germany", which was set up not only for propaganda purposes but also

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with a view to gathering "sound elements around an organized nucleus of anti-Hitlerites", has been seriously handicapped in its activities due to the solid framework of the Nazi Party which it encountered and which is sufficiently powerful to forestall serious mutiny and disintegration. The appeals of the "Committee" have not resulted in any satisfactory reaction among Hitler's Army divisions and consequently the Committee has been shelved for the time being and is only held in reserve.

Soviet circles now express the opinion that a consequential anti-Hitler movement cannot be expected prior to Germany's invasion by the Red Army. Incidentally, strong assistance may be expected from foreign labor now settled in Germany and the twelve million foreign workers and war prisoners may contribute a very important part in the ultimate collapse of the Nazi regime, both from an economic and political viewpoint. The Soviets realizing such potentialities are exerting considerable efforts in spreading propaganda among foreign workers in Germany. This propaganda is conducted by a special committee composed primarily of military specialists.

Analysing the situation from another angle, the mistrust of the Soviets toward German democracy is worth stressing. Conversations with Soviets in this country indicate that Moscow is even suspicious about the German

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Communist movement. The people in Russia are being reminded that German democracy failed twice during the past twenty-five years and has never been successful in bringing about a revolution in Germany. The motto which has generally been adopted in political circles in Moscow is that: "We should not trust German Communists, Radicals or Liberals before obtaining evidence not only of their efficiency but above all of their sincerity". The Soviets will undoubtedly promote and support such elements which manifest their friendliness toward Soviet Russia, but Moscow expects to proceed very cautiously in this respect. For the time being the consensus of opinion would indicate that it is best not to enter into any commitment with any single group in Germany and to reserve a "free hand" in dealing with any future German Government. Consequently, Stalin does not entertain any idea of Germany turning Communistic. He is, however, believed to favor the development of a Popular Front which would offer Russia greater liberty of movement.

The Russians indicate that a big surprise may be anticipated after Hitler's collapse and that Stalin himself may oppose a communistic set-up in Germany.

Moscow is seriously worried by the complexity which the German problem will present after the war, and more particularly with the economic problems which will have to be dealt with, including the reconversion of German war industry,

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the transfer of the German Pan-European industry to its national premises limited by space and by lack of raw materials, the organization of a planned industry for the delivery of reparation materials, and the transfer of foreign labor to their native lands. Soviet economists are drawing up blueprints for all such issues and a leading part in such post-war plans is attributed to three men who enjoy Stalin's confidence, namely Professors Bogolepov, Trainin and Varga. A Soviet diplomat recently expressed the opinion that "the main problem facing Russia is how to maintain Germany, but maintain her in a weak position. Our subsequent policy on Germany's post-war reconstruction may then be guided by Germany's approach to the problem of reparations".

There is no doubt but that Moscow has definitely determined its military program for a complete destruction of the Nazi war machine following the occupation of Germany. This plan provides for the actual destruction of all war equipment, including guns, rifles and ammunition captured at the moment of Germany's final collapse. There are also serious indications to the effect that, in the event of Germany's total or partial surrender, Russia may consider the entire German Army as war prisoners, following the same policy the Nazis themselves adopted in dealing with the French Army. The Soviet Government wishes to forestall a

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repetition of the situation which developed in 1918 when German soldiers were permitted to return to their homes and demobilize. This latter project has no connection with plans for using war prisoners as labor battalions.

It has not been possible to get a clear-cut expression from Soviet informants on the proposed duration of the military occupation of Germany. Military officials of the USSR in this country generally indicate that Red Army commanders are determined to march into Berlin and it is their general belief that German territory should be occupied as long as may be necessary to ensure the seizure of all German reserves of ammunition, the reconversion of the war industry, the destruction of every trace of Nazism, and the functioning of a legal democratic government. At the same time, these military sources take the attitude that "we should not stay in Germany too long, we have important tasks at home, our soldiers will be exhausted after four years of fighting". Naturally, Moscow will be faced with the problem of its own reconstruction in Soviet territory and this consideration may affect the question of the ultimate duration of Russian occupation of Germany.

With reference to the political angle, Soviet circles state that a dismemberment of Germany will not meet with Moscow's approval. The transfer of Silesia and part of Eastern Prussia to Poland, the return of Alsace Lorraine

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to France, or of the Sudetenland to Czechoslovakia, are not considered a dismemberment of Germany proper. However, the creation of individual independent small German states instead of the maintenance of a united Germany, will not meet with Russia's approval. Moscow would, however, favor some kind of a German Federation, if States such as Bavaria or Saxony should demand a large local autonomy. On the other hand, Russia will be opposed to the project of a Rhenish Federation, in spite of the fact that they concede that the Rhine region is important from a strategic viewpoint. Moscow's opinion is that Germany should be maintained as a sovereign state within its natural boundaries, the rectification of border lines to be effected to conform to ethnographic and strategic necessities. The Soviet Government is opposed to bringing about irredenta or "unity" movements in Germany, as they apprehend that such movements would form the basis for a new imperialistic threat. Moscow believes that security can be ensured by a post-war collaboration between the big powers and that such collaboration may gradually invite all small nations to join the framework of an international body. It would further be necessary, in the interest of security, that Russia and her Allies maintain a permanent Army with its equipment and exert a steady control over German industry and its economic life from without.

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Russia does not contemplate the destruction of German factories and is aware that the industrial character of German economy cannot be changed. It is therefore planned to force Germany to pay by means of manufactured goods for all destruction which the German campaign has caused.

The Soviets informants outlined the activities of a State Committee in Russia which is charged with investigating the crimes committed by German troops in Soviet territory. This Committee is also charged with drawing up a list of material damages sustained by the Soviet Union and its citizens as a result of the German occupation.

In an article published in November 1943 in the "Bolshevik" (the publication of the Central Committee of the Russian Communist Party), Professor Bogolepov, the economic expert of the Committee, stated that: "The price of the war should be established statistically and the Germans will have to pay it - they will be expected to pay the entire bill, and we shall not forgive them for a single bungalow which has been destroyed by their retreating troops or for a single building destroyed by their shells."

According to estimates of Soviet experts, the total damage caused by the German Armies until the beginning of 1944, including damage in all countries with which Germany has been at war, aggregates about one thousand billion gold rubles. It is likely that at the end of the war Russia may

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claim that damage to the Soviet Union alone may amount to about 600 billion gold rubles. The Soviet experts feel that this huge indemnity can be paid by Germany mostly in kind and labor. Russians contend that in the past the Reich has been spending more than 15 billion gold rubles annually to meet its armament requirements, and it is therefore suggested that after the war at least that annual minimum should be set aside for reparations. Moscow believes that reparation payments should be made first to such countries as Greece, Norway, Yugoslavia, Poland, etc., including such parts of the Soviet Union where the extent of destruction has been greater than elsewhere, and immediate needs are most urgent. German industry is in a position to furnish goods which will be needed badly in the affected countries. Actual reconstruction work should be performed by special "labor battalions" consisting of drafted German soldiers and civilians, such battalions to be directed by special officials. Russia will agree to the idea of an international control over the living conditions and working organization of the above battalions. Moscow is of the opinion that reparations in the form of labor will help solve many fundamental problems, including the unemployment problem in Germany, and will serve to counteract the danger of inflation in German industry and thus forestall German critical pre-war competitive practices.

The above general plan is expected to determine the

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Soviet policy in the matter of Germany's disarmament. But Moscow fears that the United States and Great Britain may be prompted by a "capitalistic policy", attempting to reduce Germany's industrial capacity to a minimum with a view to eliminating an economic competitor. However, it is Russia's belief that there are serious fundamental reasons which preclude the advisability of destroying German industry. In the first place, the Soviets do not believe that German economy can be converted from the industrial to the agricultural field; on the other hand, Moscow is anxious to receive manufactured goods from Germany by way of reparations. One school of thought among Soviet economists has gone as far as to suggest that Germany might become a "complementary" state for Russia at least for the next ten years, advocating as highly desirable economic collaboration between the two countries - even though such collaboration were confined to payments in kind and resulted in Germany's economic dependence on Russia. In this connection, the argument is raised that such a dependence might develop into a real peace factor.

It would seem that the group of economists expressing the above ideas include individuals who in 1939 and 1940 actively supported the principle of a Russo-German alliance. This group is being vigorously attacked by Litvinov, Maisky and other leaders of the Soviet Foreign Office who are in favor of adopting an entirely different attitude in connection

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with future relations with Germany. The Foreign Office leaders suggest that Russia should "tolerate a democratic regime in Germany, but not support it". They further suggest that Russia should set a limit to the scope and volume of German industrial production and confine German production to meet the needs of the domestic market and reparations requirements. The Soviet Foreign Office leaders stress the necessity of watching Germany closely and of being ready to intervene in her activities at the first sign of the slightest manifestation of a development of a nationalistic spirit. The foregoing group claims that such a policy will not affect the principle of German sovereignty, but would be prompted by protective measures and the right of intervention as a means of ensuring security.

In conclusion, it has been stressed that the small group of economists mentioned above advocating the idea of a close economic collaboration with Germany and plans for setting up Germany as a "complementary State" to Russia, is not powerful enough and its views are not shared by either Stalin himself or by the Red Army leaders.

With further reference to the above projects, it must be stressed that, according to our informants, the opinion of military men in Soviet Russia carries very considerable weight in framing Russian policy toward Germany, and it is generally known that there is complete accord between Stalin and the Red Army. It is expected that the peace terms will

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be formulated by the Army in collaboration with Stalin and his advisors from the Political Bureau of the Party. This Bureau is anxious to forestall divergencies between the Army and the Party, and in as much as under such circumstances there can be no difference of opinion, the Bureau's blueprints and those of the Army will be identical.

Compromises may take place to meet contingencies, but no compromise will be accepted in fundamental issues. The Red Army insists upon Germany's total disarmament, the destruction of the bulk of the German Army and its military leaders, the maintenance of an armed Russian force capable of striking at Germany at the first sign of a new danger of war, etc. In the opinion of the Russian High Command, the destruction and mass murder of the civil population by retreating German Armies in Russia form part of a vast plan of the Nazi General Staff which is believed to be systematically preparing for the next war. The Russian High Command therefore proposes to deal the Germans a crushing blow and thereby render futile any new adventure on their part.

The Russians believe they will be able to reach the Riga-Grodno-Warsaw line during the early part of August and that the invasion of Germany from the East will take place during the same month. The disintegration of the German Army is expected to reach its peak by September, following mass desertions and surrender. No serious

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resistance is expected by the Red Army in Eastern Prussia, where there are no strong fortifications. The Russians indicate that all German territory will be put under strict military rule, all preparations for the occupation of German territory, including Berlin, being under way in Moscow at the present time. Personnel for a Military Government administration has already been appointed, regulations have been drawn up, instructions to Army Commanders are ready, and officials have already been selected to take care of civil affairs of the military administration.

The Russians are convinced that they have entered the last phase of the war and that their victory during the coming three months will be the most decisive of the entire war.

J. M. [Signature]

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