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THE WAR THIS WEEK

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For the President

MAY 28-JUNE 4, 1942

Coordinator of Information

THE WAR THIS WEEK

The British this week loosed air attacks on Cologne and Essen which, in weight of projectiles dropped and concentration, were unique in the history of bombing operations. The full significance of these attacks and their implications for the future course of the war cannot yet be measured.

In the Far East the Japanese have initiated a drive to seize the Canton-Hankow railroad and may soon embark on supplementary operations southward through Changsha and Chungking while they have moved forward in Chekiang and Szechwan provinces, in the east, as well as on the Burma-Yunnan front in the west. Despite the superficially ambitious character of these operations, military observers warn that the Japanese are not so deeply committed in China that they will be embarrassed in launching a heavy blow in some other theater. In this connection it may be noted that the Japanese soon in India—now imminent—will render military operations more difficult in that area, and that air reconnaissance reveals no naval concentrations of importance in the Mediterranean.

On the Libyan front the British have blunted the Italian drive, although the precise situation there still remains somewhat obscure. The struggle about Kharkov in the Ukraine will come to rest with the advantage apparently going to the Germans.

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The British Air Offensive

The British bombing of Cologne and Essen was conducted on a scale and by methods so different from previous bombing operations that past experience offers little guidance in the measurement of its significance. Some 1500 tons of bombs were dropped in the Cologne area, as opposed to some 200 tons dropped in Coventry in the raid of November 14/15, 1940. The weight of bombs dropped on Essen in the initial raid was roughly 1200 tons, with the high explosive-incendiary proportion similar to that of the raid on Cologne. Perhaps equally significant was the proportion of incendiaries to high explosives employed by the British. Incendiaries accounted for about two-thirds of the weight of bombs employed in the attack on Cologne. The Germans normally employ high explosives and incendiaries in the proportion of about five to one by weight.

Finally, the British bombers are reported to have been above Cologne for 90 minutes: the raid on Coventry lasted almost 11 hours. Thus, in weight of attack, in the proportion of incendiaries, and in concentration in time the British raids are unique.

The British have clearly shaped their air offensive according to the hard lessons of their own experience. They found fire damage about equal in destructive effect to high explosives, despite the proportion of five to one employed by the Germans. And, further, it was discovered that a heavy concentration of attack by the Germans was capable of temporarily overwhelming the ground defense and fire-fighting forces. After a point, it would appear, the effectiveness of air attack increases at a rate more than arithmetically proportional to the tonnage dropped. Concentration in weight and in time, calculated to overwhelm the ground forces and to maximize the primary and secondary effectiveness of the incendiaries, seems to be the basis of the present British offensive.

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Effectiveness of Cologne and Essen Raids

The effectiveness of air raids, in terms of particular factories and installations destroyed, can never be fully gauged, even by means of direct intelligence and aerial photography. In this connection it is to be emphasized that damage to public services has consistently proved more difficult and time-taking to repair than direct bomb or fire damage. Thus the only measurement possible at this juncture must be a rough approximation, in terms of the over-all significance of the areas bombed.

The industrial population of Cologne represents 1.89 percent of the total industrial force of greater Germany; that of Essen represents 2.35 percent of that force (1939 census). Somewhat more than 4 percent of the total industrial working force has, then, been subjected to the British blitz. Production in these two cities may well have been reduced virtually to zero on the day after the main assault. The recovery rate for Britain was between 2 percent and 3 percent of total output per day. That rate cannot, however, be applied to the case of Cologne and Essen, since the scale of British operations was so different from that of Germany against England. On the whole the German recovery rate is likely to be less than 2 percent per day, not only because of the scale of the attacks, but because, in general, extensive fire damage results in a slower rate of recovery than damage induced primarily by high explosives.

New Front in China

The Japanese have begun their long anticipated operations along the Canton-Hankow railroad, advancing northward from the vicinity of Canton in Kwangtung province, against Chinese forces commanded by General Yu Han-mou. If the new operation is the beginning of a serious attempt to capture the Chinese-held portions of this strategic rail line,

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a complementary drive southward through Changsha is to be expected. The movement recently of some 200 Japanese planes northward from Java and Malaya toward bases in China, apparently around Hankow as well as in Chekiang province, may indicate that such a drive is now in prospect.

In Chekiang, after occupying Kinwa, the Japanese have driven westward along the Hangchow-Nanchang railroad past Lung-yu. Fighting south of Nanchang in Kiangsi province, reported by the Chinese, may indicate a supporting drive along the railroad from the west, freeing this line also from Chinese interference.

Intermittent fighting continues on the Yunnan-Burma front, near Tengyueh and Lungling, west of the Salween River. With Thai troops participating, the Japanese claim to have captured Kengtung, capital of the Shan states, on May 26, and Mong Yawng, second largest city, on May 30.

Limited Offensive

With the establishment of the new front in Kwangtung, Chinese communiqués now report serious fighting in at least six of China's twenty-four provinces. Despite the geographic scope of these operations, however, observers here are by no means convinced that the Japanese are engaged in an all-out attempt to end Chinese resistance. Although Japanese operations are clearly designed to enhance the difficulties of Chungking, these observers believe the Japanese are too much interested in the Russian situation to commit themselves wholly on the Chinese front. They will undertake only such operations in China as can be carried out without jeopardizing their freedom of action along the Siberian frontier, according to our observers. It is clear that at the present time Japanese commitments in China are not such as to prevent their embarking on early and large scale operations in Siberia.

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Chinese Pleas for Help

Chungking nevertheless is feeling the pressure, as was evidenced this week by the continued pleas for aid. Chiang Kai-shek, speaking on the United States Army Hour, May 31, declared that morale was not sufficient without equipment, and asked for American supplies. General Chu Shih-ming, Chinese military attaché in Washington, seconded his leader's plea, stating that China constituted for the United States "a military opportunity which, if not grasped quickly, may not exist much longer."

These pleas, however, are not to be taken as the unanimous feeling among Chinese, according to some sources at Chungking. A native business man and landholder there, who believes his opinion is shared by many others, has urged that the United Nations should concentrate on defeating Germany first and not heed the exhortations of Chinese politicians to such an extent as to jeopardize Russian chances.

Growing Harmony in the Free Korean Movement

The Korean Volunteer Corps in China, military arm of the radical faction of the Free Korean movement, has joined forces with the conservative Korean Provisional Government Army, according to announcements from Chungking. Representatives of both rival factions in this country have confirmed the news, and some progress in achieving unity appears to have been made—at least for the moment.

The complicated background of rivalry between these two factions—both of which have received the support of Generalissimo Chiang Kai-shek—dates almost from the beginning of the Free Korean movement in 1919. Kim Kyusik, leftist patriot and leader of the direct-actionist Volunteer Corps (he was in the United States in 1933) broke away from the moderate Provisional Government group in Shanghai in 1924. Financial support for both factions was

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given by the Generalissimo in 1937, but their rivalry continued and penetrated the calmer and more conservative Korean nationalist groups in the United States, where it has threatened to disrupt any efforts toward united action.

Recent reliable estimates place the number of Koreans now fighting against the Japanese in China, or in training to fight, at 35,000, and this number is said to be increasing rapidly. In addition, 40,000 Koreans are said to be serving in various units of the Soviet Far Eastern Army.

Mass Civil Disobedience in India?

The possibility of a new campaign of mass civil disobedience in India in the next few months is now being mentioned by experienced observers at Bombay. The "open letter" addressed by the Maharaja of Indore to President Roosevelt late last week, appealing for his intervention in the complex Anglo-Indian impasse, may possibly be attributed to fears of such demonstrations.

Mahatma Gandhi meanwhile has adopted for the benefit of the press an enigmatic attitude. Replying to questions concerning the plan he is reported to be maturing for the launching of a "new movement", he has assured reporters that many plans are floating in his head. "But just now I merely allow them to float . . .". He hinted that something "very big" is in the offing if the Congress Party and the people are with him. For the present, however, he is continuing his talks with Pandit Nehru.

Meantime the Axis has apparently been hard at work preparing a fifth column for India. Mussolini and Hitler, amid a great press build-up, have formally received Subhash Chandra Bose as chief of the Indian nationalist movement. And the Tropical Institute at Hamburg, according to reports from Bern, for several months past has been training a good

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many English-speaking young Nazis for "special work" in India.

Australian Stalemate for Japan?

After repeated warnings in the past of the Japanese menace to Australia, Prime Minister John Curtin has now reversed his position. He challenges the Japanese to invade. "The enemy has found his most southerly adventure beyond his capacity to execute," he is reported to have told fellow Australians.

For the present, Allied fliers appear certainly to have the upper hand, vigorously prosecuting the attack on Japanese island bases extending around Australia from Timor through the Solomons. Nor have there been any recent reports of important Japanese naval forces in this area.

Attack on Alaska

Japanese naval and air forces however have not been idle. They have made an air attack on Dutch Harbor in the Aleutian Islands. For obvious reasons, information on this latest enemy venture must await further developments.

Rommel's Attack Backfires

The Axis drive in Cyrenaica has backfired. It was apparently directed at the defeat of British armored forces and the capture of El Gazala, El Adem, and Tobruk itself. As the first phase closes, General Rommel has failed in his objectives, but he appears successfully to have staved off disaster by consolidating his position at the gap that connects his forces east and west of the main British defenses, stretching from El Gazala to Bir Hacheim. Although the Germans gained by surprise and effective tank operations, the British were

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prepared for an offensive, and halted the German drive near Aeroma, a point about 15 miles southwest of Tobruk. Here the battle was fought, ranging over a wide area. While the Royal Navy repulsed a sea-borne attack, British armored forces slowly drove Rommel westward. The battle came to focus about the two gaps which the Germans had blasted through the mine fields of the main British defenses to the west in order to bring up reinforcements and supplies. Effective concentration of RAF strength on these vital points, however, prevented Axis reinforcement. Pounded by Allied tanks, artillery and air power, and lacking gasoline and water, Rommel began to withdraw his forces through the corridors to the west, trying to escape a British trap.

Rommel has succeeded in withdrawing many of his tanks and transport vehicles for regrouping with reinforcements to the west, and has consolidated his hold on the connecting gap. Although clearly on the defensive now, he may be able to reorganize his forces and supplies for further action. Losses on both sides have been heavy. The British at present are concentrating on Axis forces east of the gap, and harassing Axis supply lines from the air and on land, as seen in the thrust to Rotunda Segnali.

Finis at Kharkov

The Battle of Kharkov is apparently at an end—with no significant net gains for the Russians, and with the initiative once again on the side of the Germans. In the Izyum-Barvenkova salient the Nazis have surrounded and disarmed the Soviet advance troops (which the Swedish General Staff now regards as having consisted of only one army instead of three, as the Germans originally claimed). Elsewhere the front is quiet. The present line apparently follows the valley of the Donets between Kharkov and Izyum.

Military men on both sides continue to speculate on the

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exact purpose of Timoshenko's ill-starred attack. The German press, while insisting that his operations around Kharkov failed to disorganize Nazi concentrations, still regards Timoshenko as the most capable of Soviet Commanders. Its announcement that the loss of Kharkov would not endanger German plans now appears as just another ruse in the war of nerves—since the city never seems to have been in any real danger. Nor has there been any confirmation of the Soviet claim that the attack on Kharkov succeeded in breaking up a planned German drive toward Rostov.

Pekkala's Resignation in Retrospect

The landing of four additional German divisions in Finland throws considerable light on the resignation of the pro-Ally Minister of Finance Pekkala, which was reported last week. It may safely be assumed that Pekkala, who has opposed the Government's policy of collaboration with Germany and war to the bitter end with Russia, knew of the impending arrival of these substantial reinforcements and that this development convinced him that there was no longer hope of bringing the cabinet around to his point of view. With the Government committed more completely than ever to the war with Russia, there was no alternative for a man of his views but withdrawal. It is probable that the difficulties of financing the war effort, for which Pekkala was largely responsible, also influenced his decision.

Pekkala's resignation, the strengthening of the German forces in Finland, the increasingly anti-American tone of the Finnish press, and the growing losses of Allied shipping in far northern waters strongly suggest that a crisis in the relations of the United States and Finland may be approaching. So far the American efforts to persuade Finland to conclude a separate peace have been a complete failure. These efforts have not been aided by the publication of such articles in American

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journals as that appearing in the current issue of *Colliers* in which not only East Karelia, but also the entire Kola peninsula are assigned to a post-war "United States of Finno-Scandia."

Available evidence strongly indicates that only conspicuous United Nations victories will convince the Finns that the policy of their government is leading to disaster, and thus perhaps induce Finland to withdraw from the war. The closer these victories are to Finland, the greater will be their effect.

Nazi Fears in the Far North

The transfer of the 163rd German division from the Svir to the Arctic front and the dispatch of the four divisions mentioned above to this same area provide a measure of the importance with which the Germans regard the Arctic front. It is possible that these reinforcements are being sent because the Germans fear that the United Nations may be planning an offensive action in the extreme north in order to neutralize the German bases from which planes and submarines are operating against Allied convoys en route to north Russian ports. Since Archangel is now open and can be used to a considerable extent in place of Murmansk, military circles in Helsinki apparently regard as improbable a German offensive against Murmansk and the Murman railway. On the other hand, in view of the increasing amounts of war matériel being shipped to Russia's northern ports, it would appear likely that the Germans will step up their efforts to intercept these supplies through attacks by air, submarine and surface vessel. With increasingly short nights in the north, greater losses are to be expected unless it is possible to neutralize German bases by large-scale air attacks based on the Murmansk region, or in some other way to counter these increasingly severe German attacks.

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Attack on Murmansk?

With these considerations in mind, other military observers incline to the opinion that the Nazi reinforcements in northern Finland may be preparing an attack on Murmansk. Its capture would give the Germans a submarine base much nearer to the White Sea than Kirkenes, and permit them to launch devastating attacks against Allied convoys bound for Archangel. Its conquest would also close to Allied ships the second-largest north Russian port—the only port in this region that was open throughout the recent very severe winter. Despatches from Helsinki continue to suggest, however, that the Finnish army will not take part in any offensive operations this summer—an impression confirmed by the current Finnish policy of large-scale discharges from military service.

Meantime, London has announced that a large convoy of United Nations merchant ships has fought its way through to a north Russian port after a five-day battle against German submarines and airplanes. The Admiralty further stated that the total of 18 ships out of the convoy reported by the Germans as sunk represented an exaggeration of more than 175 percent. Following this cue, the American press has estimated Allied losses as about six vessels. The same day, however, the Admiralty announced the loss of the light cruiser *Trinidad* last month while homeward bound from Murmansk.

Report From Inside Germany

Further evidence that the morale of the Germans has not yet reached the breaking point, or anything approaching it, has just come from Polish sources, whose opportunities for observation lend more than average credibility to their report. They find no serious deterioration in recent months in the

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situation inside Germany. The "blind faith" in Hitler is still notable. Losses on the Eastern Front, which affect large numbers of families, are offset by elation over the Army's achievements. In German eyes the struggle in Russia still appears successful. Only a severe setback on this front, it is stated, is likely to bring a crisis in morale.

In some Berlin circles rumors of changes in the Government have been making the rounds, these sources say; but even should serious changes occur, German resistance to the bitter end must be reckoned with. The report adds that German communists, who spoke out bluntly, were nevertheless suffering obviously from a split psychosis. While they would welcome the downfall of the present regime, in the last analysis they would also like to see Germany win the war. The communists are very active, maintaining an underground press and working with special solicitude among the soldiers, where they claim to be influential. But they should be regarded as "National" rather than as "International Communists," the report notes.

Germany in the European Rations Picture

Comparative data on food rationing, which has now spread to every country in Europe, reveal significantly the relatively favorable position of Germany. April reductions in that country have had their counterpart in other countries of the continent, so that the German position, by comparison, does not appear to have deteriorated appreciably since the end of 1941. The bread ration in Bohemia-Moravia, for example, has been reduced to the German level, and the Hungarian bread ration, formerly above Germany's, is now below it. A few countries, notably Denmark, allot larger quantities of some foods than do the Germans. If the dietary as a whole is considered, however, the German position still appears to be most favorable.

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Basic data on current legal food rations in 25 countries or regions of Europe have been assembled by the Economics Division of the Coordinator's office in a tabular form, showing grams per week of specified foods legally available for the various classes of consumers—light workers, heavy workers, old people, children, and so on. These tables reveal that German rationing embraces more foods and affords a better-balanced diet than does that of other Axis-dominated countries. Moreover, it is known that the German system functions well, thus guaranteeing the availability of the legal rations. This is not true in less thoroughly organized systems.

The rationing problem in the United Kingdom has been approached on a basis differing from that of other countries, and general comparisons are consequently difficult. The normal consumer there, however, is thought to be somewhat better off than the same class of consumers in Germany. On the other hand, better provision appears to have been made in Germany for the special categories of workers, who in turn constitute a larger proportion of the total population. In Russia bread and meat rations are both higher than those in Germany—but there are reports that for foods rationed in Russia (bread alone excepted) only about half the "legal" ration is actually available for distribution.

Laval and the Nazis—Uneasy Bedfellows

Laval and the Nazis are getting on no better, mainly because Laval wishes to give Germany only economic concessions, according to a report from Vichy. The same source indicates that upon coming to power Laval implicitly agreed to let Germany have 350,000 French textile and metallurgical workers, whereupon the Nazis went ahead and enrolled a similar number of German factory hands in the Army. Now

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Laval is faced with the difficult task of fulfilling his hasty promise, with the result that the Vichy Government is busy with a great propaganda campaign to enlist the required number of skilled men. At the same time he is reported to have rejected a proposal advocating a "vigorous defense of Morocco" and an effort to regain the territories under Free French control. This rejection appears to be based quite simply on his feeling that French military resources are inadequate for such an undertaking.

Franco-Italian Relations Continue to Fester

As for Italian claims on France, a high French Foreign Office official has stated that no formal demands have been made. However, the rumors regarding Italian designs on Nice, Corsica, and Tunisia continue, and it is reported that southeastern France is in a state of uneasiness. Although Italy's demands are at present only a press campaign, highly placed observers in Italy think Mussolini may get in too deep to withdraw, and may even now feel that he is on his own and awaits no real help from the Nazis or Laval.

Vichy, however, appears to discount the Italian clamor. The French Foreign Office, it is reported, considers such an attack could only be made with Nazi approval, and that such approval is not likely because of German fears that the French fleet and Morocco might then go over to the Allies. A high French officer, just back from Vichy, was told that the Germans were not behind Italian demands. He also reported that, while the French would avoid provoking the Italians, they will resist any attack. From Ankara it is reported that Von Papen said Hitler is just egging Mussolini on so that the Nazis can later step in as Vichy's protector, and perhaps themselves get concessions in Tunis to protect Rommel's rear. The renewal of Spanish annexionist demands regarding French Morocco is believed to be a similar form of Nazi pressure.

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Mussolini's demands appear to have caused a flurry in Morocco where a poll of white members of the army, navy, and civilian service in that area gave a return of 90 percent who are favorable to immediate American intervention in this dependency. In France proper the public was said to have been highly pleased with the great bombardments of Germany.

Continuing Axis Propaganda in the Near East

Axis propaganda in the Near and Middle East continues to exploit the anti-British feeling in the area and is arousing fear of the United States by linking us with the Zionist cause. The Axis radio is reported to be assisted by an elaborate 5th column organization under Von Papen that covers each Arab country.

One of the main themes of the Axis campaign is that President Roosevelt is working to create a Jewish state at the expense of the Arabs. The hostility to this plan is such that one competent observer declares that the creation of a Jewish army would quite probably precipitate a conflagration among the Arabs of Syria, Trans-Jordan, Iraq, Arabia, and possibly in other Moslem lands. Throughout all of these areas German agents are organized as never before, carefully cultivating pro-German opinion and personnel.

Another factor of which the Germans are making good use is the chronic disorders of the Kurdish tribes in northern Iraq, northwest Iran, and eastern Turkey. Here tribes that for 4000 years have lived in the mountains as unruly herdsmen and brigands have secured arms and threaten the surrounding country, as well as the lend-lease supply routes. The Axis charges that the U. S. S. R. encourages these disorders as a prelude to annexation. The Turks are extremely anxious to have Anglo-Russian occupation forces restore order lest the revolts spread to eastern Turkey where the largest number of Kurds is located.

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The Turkish government has announced the conclusion of an agreement whereby the Nazis, who are anxious to match Allied aid to Turkey, will provide the latter with 100 million marks worth of guns, tanks, planes, etc. A commission has left Ankara to discuss this arrangement with the Reich. The Turks fear the Nazis will insist on German "technicians" accompanying the matériel, but it is reported that Ankara plans to refuse this demand.

Castillo Muzzles the Press

In Argentina, Acting President Castillo issued a decree on May 29 prohibiting the press from printing Congressional discussion of foreign affairs or the state of siege. The decree effectively muzzles one of the last means left to public opinion to express the prevalent criticism of Castillo's policies, and reflects the executive's fear of strong opposition which was certain to ring through the halls of the Chamber of Deputies. The prediction of certain observers that Castillo would find some pretext to dissolve the Congress (*The War This Week*, April 23-30, p. 17) may well be on the road to fulfillment, although this particular method of silencing the opposition had not been generally foreseen.

Latest reports indicate that Radical Party deputies have already expressed vigorous opposition to the new decree, probably bringing the dissolution of Congress a step nearer. Some observers believe that Castillo may feel himself forced to dissolve Congress if it insists on the continuation of its present policies. Such a dissolution would presumably mean the destruction of the parliamentary form of government in Argentina.

Economic Distress in Latin America

From Latin America generally come reports of economic distress and serious food shortages, either present or impending. There is a meat shortage in Peru, a flour shortage in

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Ecuador, a serious shortage of rice and wheat flour in Venezuela, and critical food shortages are reported from the West Indies. Puerto Rico is among the islands where a lack of the basic food staples, normally imported, may cause famine and disorder.

Rioting in Nassau recently brought the Duke of Windsor hurriedly back to his post. The situation there is aggravated by the dependence of the inhabitants on outside income. More than 67,000 people are grouped on some 20 islands—spots of land which are low, flat, and sandy, covered only with a scrub of pine and palm. Income from shipments of tomatoes and from a thriving tourist business provided the chief support of the predominantly Negro population. The plight of the people of the Bahamas and resulting social disorder are believed to be only a preview of what may be expected in many other localities where a commercial economy dependent on oversea connections is being strangled by the war.

In Chile communists are said to be leading the striking laborers on the railroad which connects Tocopilla with the nitrate and copper mines in the interior. This is probably only a struggle for better pay or better working conditions, but the Chileans are watching the situation with concern.

Anti-Democratic Forces in Cuba.

Anti-democratic groups in Cuba are striving to prevent the government from restricting adequately the operations of Axis and pro-Axis elements in that country, according to a current study by the Latin American Section of the Coordinator's office,—and this despite the democratic sentiments of most Cubans and the whole-hearted cooperation of President Batista with the United Nations. Cuba has long been the center of Axis propaganda and activities in the Caribbean area. And the arrest and internment of Prince Camilo Ruspoli Caraciolo last April revealed Cuba to be the head-

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quarters of one of the largest and most efficient spy rings in all Latin America.

The pro-Axis groups include conservative business and social leaders, influential journalists, congressmen and officials. The Spanish Falange, with headquarters in the Spanish legation, is the largest and most dangerous. Its members are chiefly from the large Spanish colony, which is overwhelmingly pro-Axis in sentiment. They are active in espionage, sabotage, and in cultural propaganda against the United States. There are several related totalitarian organizations, including the *Unión Nacional Ucraniana Cultural* (*National Ukrainian Cultural Union*) and the White Russian *Legión Nacional Revolucionaria Sindicalista* (*National Revolutionary Sindicalist Legion*), some of whose leaders have recently received prison sentences for espionage and conspiracy.

These various organizations have intimate connections with high Cuban officials and Army officers. Falangistas in particular have worked their way into influential posts in every branch of the government. Men reputed to be Falangistas include a minister of state, the President's secretary, and a high police official. Some of these and also a number of congressmen have used their influence to obtain the release of enemy agents. Probably fewer than a hundred aliens are now interned in the concentration camp on the Isle of Pines. It remains to be seen whether Batista's recent decree forbidding further immigration from Germany and the Axis occupied countries will be effective, and whether other war efforts of the executive will successfully overcome the strong anti-democratic forces in Cuba.

The wavering character of current Cuban policy is indicated by two acts of a diverse nature. On the one hand, Congress has just voted to sever relations with Vichy and with Spain, with Batista's approval practically assured. On the other, Congress has rejected Batista's recommendation for recognition of the Soviet Union.

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APPENDIX I

THE RUSSIAN PETROLEUM POSITION

If the Russian armies this summer are obliged to retreat behind the Volga River, the Soviet Union will find its petroleum position gravely threatened, according to a report prepared by the Economics Division of the Coordinator's Office. The report further states, however, that the territorial losses which Russia had suffered by the end of 1941 did not deprive the nation of any very extensive petroleum resources. On the contrary, these losses actually reduced Russia's non-military consumption. On the other hand, the loss to the Germans of the area between the present front and the Volga would undermine the whole Soviet oil position, as the accompanying map reveals. Here the Nazis are apparently far more interested in depriving the Russians of the oil of the Caucasus than they are in acquiring it themselves (*The War This Week*, May 21-28, pp. 19-20).

The map presents in diagrammatic form the data on which the above conclusions are based. In 1940, the total petroleum production of Russia (exclusive of Polish areas annexed in 1939) was 32.8 million metric tons, distributed as follows—the Caucasus (28.3 million tons), the Ural-Volga region (3.4 million tons), the Asian regions (.7 million tons), and the northern half of the island of Sakhalin (.4 million tons). Refining facilities, both crude and cracking, existed in the same areas—supplemented by refineries in the Ukraine and in the district about Moscow. Furthermore, consumption estimates suggest that even before the outbreak of war with Germany, there was a serious shortage of gasoline for military uses and probably little fuel available for accumulating stocks—unless the Soviet authorities had already curtailed non-military consumption.

Four Hypothetical Lines

As an indication of the extent to which Russia would be self-sufficient in petroleum products, should western areas of increasing size be lost to the Germans, the map further presents four hypothetical battle lines—each establishing a front farther to the east and thus reducing the size of free Russia. These lines represent, of course, no specific military predictions; they are simply assumptions, to aid in visualizing the petroleum question as a whole.

The first line presumes stabilization of the front as of last winter—roughly on the line Taganrog—Kharkov—Bryansk—Leningrad. The loss of the territory west of this line (Zone I on the map) did not materially affect the Russian petroleum position. Rather it relieved the Soviets of a consumption burden, which it in turn imposed in large part upon the conqueror. In 1940, the present occupied areas (excluding former Polish territory) produced a negligible amount of petroleum, their straight-run refining capacity was nil, their cracking capacity was only 788,000 metric tons a year, while their nonmilitary consumption probably amounted to more than 6 million metric tons.

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The second or "Volga" line presumes the loss to the Germans of everything west of the line Astrakhan—Stalingrad—Saratov—Gorki—Vologda—Archangel. If the Nazis pushed the Russians back this far, the Soviet petroleum position would be very serious. On the basis of 1940 figures, the free district east of the Volga Line (Zones 3-5) would have a production of only about 4.6 million metric tons (annual refining capacity: 3.4 million tons straight run, 2.8 million tons cracking) to supply an estimated non-military consumption of 7.7 million metric tons.

A retreat behind the third or "Intermediate" line (Gurev—Uralsk—Buzuluk—Ishevsk and thence north along the Asian border) would aggravate Russia's petroleum shortage. With estimated non-military consumption down to 5.3 million metric tons, the production of the area still under Soviet control (Zones 4 and 5) would be about 4.4 million tons (refining capacity: 3.2 million tons straight run, .7 million tons cracking). Finally, the loss of all European territory—i. e., a withdrawal to the fourth or "Ural" line—would place Russia in a completely untenable petroleum position.

Remedial Measures

The foregoing estimates of consumption obviously do not include any allowance for exports, stocks, or military uses. As for exports and stocks, it would be impracticable to divide them accurately between the "free" and occupied zones. Military consumption, while naturally falling entirely in the free zone, would scarcely remain at the same or at any predictable level behind successive lines of withdrawal. The inclusion of these factors would reveal still more clearly the critical gaps between consumption and production in the areas presumed to be held by Soviet forces.

There is, moreover, apparently no satisfactory solution for Russia's petroleum shortage in the Soviet Union itself. Most of the proposed expedients offer few grounds for optimism. The Soviets have doubtless already severely limited non-military consumption of petroleum; such measures, however, would probably prove insufficient, should Russia suffer further territorial losses. More extensive and more efficient operation may have increased crude oil production since 1940, and may still further increase it. But this would be a fruitless expedient, if refining capacity did not increase equally. The Russians might evacuate refining facilities to the east. This would be a slow process, however, and it is unlikely that the Soviets would be able to effect any large-scale transfer under war conditions.

The importation of refining equipment and of refined petroleum products from the United States is a final possible solution. Already the Soviets are receiving some shipments of motor fuel and refining equipment from this country. Yet the existing strain on Allied shipping and transport difficulties in Russia itself would probably prevent American aid from becoming a decisive factor in relieving Russia's petroleum shortage.

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APPENDIX II

THE SIGNIFICANCE OF GERMAN MANPOWER LOSSES

Intelligence reports and general economic analyses of the German position agree that a shortage of manpower has helped set an upper limit to both armament production and military action. In this respect the German position has deteriorated in the course of the past year, due to heavy manpower losses on the Russian Front. Permanent losses, from June 22, 1941, to April 1, 1942, are estimated by the Coordinator of Information at approximately 1,400,000.

The military significance of these losses may be summarized as follows:

1. Since the offensive against Russia, which Germany maintained for the first six months of the war, required a spearhead of young, vigorous and aggressive troops, and since it was mainly from the classes which came of military age in Germany after the reintroduction of universal training in 1933 that these troops must have been drawn, it appears probable that as many as a million of the permanent losses fell in the age group 21-32 years.

2. If account is taken of a slight net accretion, the total number of Germans aged 21-32 fit for military service may thus have fallen from 5,300,000 to 4,400,000, in the period June 1941 to April 1942: a loss of about 20 percent. It should be noted that the total number of Germans in this age group is lower than normal due to the decreased birth rate of 1914-18.

3. Since virtually all fit men in the 21-32 age group had been absorbed into the armed forces by June 1941, these losses have been replaceable only by older men, from 33 to 47. Although it is believed that in June 1941, 30 percent of the older men were in military service, they served for the most part in auxiliary military formations or in the ground personnel of the air force. It is estimated that only some 1,500,000 men of this age group were in divisional formations, representing about 20 percent of German divisional strength. Due to the replacement of younger by older men this proportion is now believed to have risen to about 35 percent.

4. It is probable that panzer, motorized, and mountain divisions have been brought back to full strength either from new young classes, or by the transfer of men in the 21-32 age group; but German losses have reduced the number of first-line infantry divisions by about 30.

The economic significance of these losses may be summarized as follows:

1. The large call-ups of the first half of 1941 accentuated an already tight manpower situation in German industry. Replacements took the form of women, foreign workers, prisoners of war, pensioners, and other inferior workers. As a result, civilian production was further reduced, in an effort to maintain military output.

2. As noted above, losses on the Eastern Front have necessitated the calling up of more than one million additional men from the 33-47 age group. Despite the strenuous efforts which have been made to substitute foreign and prison

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labor, these call-ups have probably caused a further decline in total output. To the extent that civilian production could be reduced, this has undoubtedly been done; but the production of certain military items may have been affected, as well, although there is, as yet, no evidence of such declines.

3. It is believed that further substantial losses in the German army will result either in a reduction of the over-all size of the German military establishment, or, if that establishment is maintained by call-ups, a decline in German military production. No important margin of transferable labor is believed to remain in German civilian industries.

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APPENDIX III

DRAZHA MIKHAILOVICH: THE POLITICAL FACTOR

The American press has recounted in detail the exploits of General Draza Mikhailovich, guerrilla ruler of a quarter of Yugoslavia's former territory, against whom the Axis is now reported to be sending 24 divisions. Somewhat less is known of his political tendencies, on which a confidential report checked against Yugoslav sources gives some significant details.

The pre-1939 political views of the General are something of a mystery. He may have been a member either of the royalist White Hand or of its opponent the democratic Black Hand. Certainly he was an advocate of a mechanized army, and was suspicious at an early date of the political loyalty of some elements among the Slovenes and Croats.

Mikhailovich and the Socialists

Since the organization of his Freedom Army and his appointment as Yugoslav commander-in-chief and minister of war, Mikhailovich's political orientation has become somewhat clearer. One observer, reporting that the General is in communication with Stalin, believes that he has established a leftist, socialistic regime—perhaps anti-monarchical but not anti-clerical. Other observers suggest that Mikhailovich's socialist leanings are more apparent than real. His policy of seizing and rationing the scanty supply of manufactured goods in the territory under his control, they point out, is simply a natural war expedient; the peasants would not understand it if he failed to do so. Furthermore, the Yugoslav Trotskites apparently oppose him, while a Communist government and army in Montenegro exist independently of Mikhailovich's own forces. Reports suggest that the Yugoslav Government-in-Exile has been doing everything possible to reconcile Mikhailovich and the Communists.

Pro-Russian Tendencies

If Mikhailovich is not pro-Communist, he is almost certainly pro-Russian. This latter sentiment is of long standing in Serbia, and has practically nothing to do with Communism, about which the Serb peasant has only the vaguest notions. With Russia fighting the same enemy as the Yugoslavs, a resurgence of the old pro-Russian feeling was inevitable, and it has doubtless added strength to the resistance of Mikhailovich's guerrilla army.

Furthermore, Mikhailovich—like most patriotic Serbs—is apparently strongly opposed to the considerable White Russian refugee element in Yugoslavia (although one of them, Mahin, is collaborating with him). These emigrés have long been militantly anti-Soviet, and before 1939 looked to Hitler to overthrow the present Russian regime. At the same time they have often shown feelings of dislike for the Serbs, who in turn resented the favor they enjoyed with the late King Alexander. Before the war these refugees entered the Yugoslav army, civil service, police, and teaching profession; now the Germans are apparently training them to be future administrators of Nazi-occupied Russia.

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Internal Program

On internal questions, Mikhailovich's general orientation is liberal-democratic—at least to judge by the character of his chief lieutenants. On Bishop Nikolai we have little precise information. But of Dragisha Vasich and Dule Dmitriyevich, we know that before 1939 they were members of the Srpski Club, a group of radical intellectuals, who advocated a greater democratization of Yugoslavia's government. Of this club Slobodan Yovanovich, now premier of the Yugoslav Government-in-Exile, was also a member.

A final element in Mikhailovich's political ideology is that he agrees with the new Yugoslav government in representing the "Yugoslav" idea rather than the "Great Serb" aspirations of Dusan Simovich, Yugoslavia's "strong man" of April, 1941. This conflict of ideas between the two generals is apparently one reason why the more democratic element in the Yugoslav government insisted that King Peter remove Simovich as minister of war. Furthermore, Mikhailovich evidently follows a rule that no former Yugoslav general can be an officer in his army. These generals he considers failures and followers of a wrong philosophy. In short, Mikhailovich and the government at London are apparently trying to sweep out as many as possible of those elements that led their country to defeat last year, and to create a more democratic Yugoslavia of the future.

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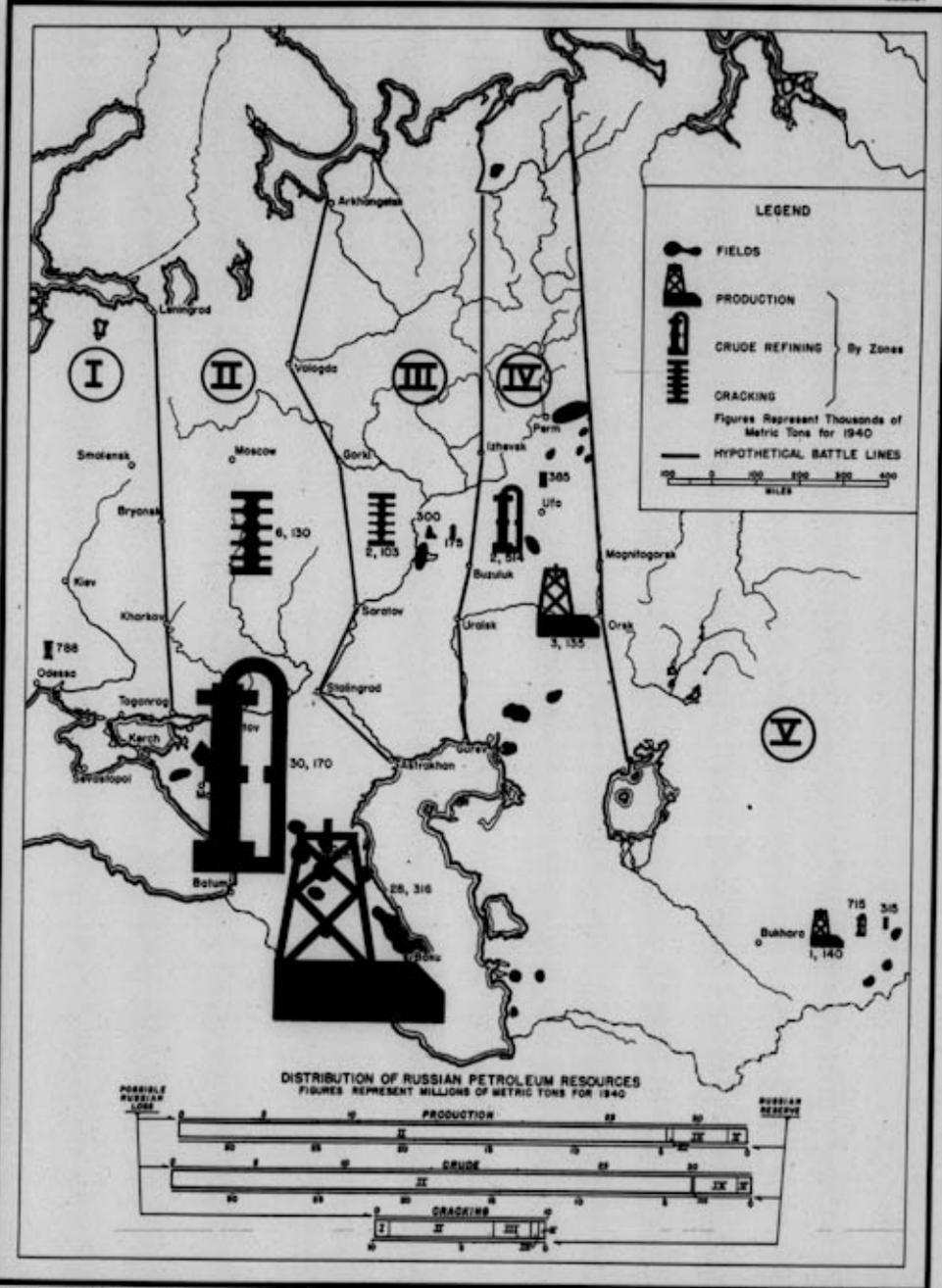
APPENDIX IV

JAPAN'S NEW AMBASSADOR TO RUSSIA

Confidential reports that the Japanese may be interesting themselves in the possibilities of arranging a peace between Russia and Germany have aroused interest in the background and career of Sato Naotaka, recently appointed Japanese Ambassador to Russia. Sato was born in the Ryukyu Islands in 1882; was adopted into his wife's family, which had a diplomatic tradition; entered the foreign service and served successively in St. Petersburg, Harbin, Paris and Warsaw. In 1930 he became Ambassador to Belgium and from 1933-1937 was Japanese Ambassador to France. He represented Japan at Geneva for several months during the Manchurian dispute.

In 1937 when Sato returned from France to Japan, he was appointed Foreign Minister in the then newly formed Hayaashi Cabinet. He had been in Japan less than three years during thirty-one years of diplomatic service. The Army was skeptical as to whether he was sufficiently vigorous to carry out what they considered proper policies, and the ultra-patriotic parties opposed his handling of the Chinese situation, particularly his announcement that negotiations with China must be conducted as between equals. Sato was favorably regarded by Westerners who considered his regime to be "liberal" and "international." Japanese pressure on China, however, was carried on without relaxation, and about a month after the resignation of the Hayaashi Cabinet war broke out between the two countries.

Sato is one of the ablest and one of the smoothest of Japan's professional diplomats. He poses as an exponent of Japanese internationalism, and he prefers diplomatic finesse to harsh demands and bellicose statements. He apparently has no pet ideas, and is said to be willing to promote almost any course of action. He is well fitted for a post where his role would be to keep relations smooth, but in the past his mild reasonableness has often been the precursor of drastic developments in Japanese policy.



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COORDINATOR OF INFORMATION

THE WAR
THIS WEEK

June 4-11, 1942



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For the President

JUNE 4-11, 1942

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Coordinator of Information

THE WAR THIS WEEK

Even in the absence of a full report on Japanese losses at Midway, it is clear that American air and naval forces have dealt the enemy a very heavy blow and one which may oblige him to reorientate his offensive effort in the whole Pacific area. In this engagement and in the Battle of the Coral Sea, the Japanese have lost a very significant part of their carrier strength. With the possibilities for a powerful offensive therefore dwindling in both Australia and India, China and eastern Siberia are coming to the fore as potential Japanese objectives. The enemy has a considerable choice of routes for offensives against the Chungking regime, but he is at present striking with vigor only in Chekiang. Meanwhile Japanese commitments in China are not such as to handicap an early attack on eastern Siberia.

On the Eastern Front, the Germans have yet to unleash the much heralded "spring offensive." Instead, they are still in a stage of preliminaries. On the one hand, they are seeking to remove the Russian threat on their flank at Sevastopol. On the other, they are apparently attempting to force the Finns into more intimate collaboration with current Nazi military plans, and the spectacular visit of Hitler to Helsinki is presumably to be interpreted as a phase of this campaign. Meanwhile, both reconnaissance and report reveal heavy damage and dislocation in the Cologne area as a result of last week's blitz.

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On the Libyan front, the war of rapid movement has now settled into a more stabilized pattern characterized by mutual attempts at destruction of armored equipment. At Vichy, Laval's relations with the Germans remain somewhat enigmatic, but reports indicate a heightening of Nazi interest in North Africa, where German penetration is increasingly in evidence.

The Battle off Midway

It is too early to draw any definite conclusions on the naval and air battles off Midway and Dutch Harbor. Necessary naval secrecy and the continued threat to our Pacific islands have left many details of the two engagements in doubt. Although the purpose of the Japanese attacks is not entirely clear, information already published permits us to draw the following tentative conclusions.

First, the original air attack on Dutch Harbor was probably a feint to distract attention from the main movement toward Midway. The American navy was apparently fully aware of this maneuver, and took its precautions accordingly.

Second, the presence of several transports in the task force sent against Midway suggests that the Japanese intended to make a landing on that island, and perhaps—if their first venture met with success—to push on toward Hawaii.

Third, the task forces probably did not include the bulk of the Japanese battle fleet—published reports suggesting that the newer Japanese battleships did not participate in the engagement off Midway.

Fourth, this battle—coupled with the Coral Sea engagement—has apparently reduced by about half Japan's effective carrier strength—the one combat type in which at the start of the war the Japanese had numerical superiority over any other navy. Out of a total Japanese strength of about 10 carriers (excluding converted ships), six may now be sunk or

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severely damaged—two in the Coral Sea, including one of the new *Ryukaku* class, and perhaps four off Midway, including the *Akagi* and *Kaga*, Japan's largest carriers.

Japanese Alternatives after Midway

A victory of the proportions of that at Midway will certainly reduce Japan's striking potential. With time, in this case, working on the side of the United Nations, Japan would have difficulty in regaining the same relative naval strength she previously possessed. She may, therefore, be faced with the necessity of achieving the most stable long-run position of security available to her. Neither Australia nor India, where the chances for a successful offensive have been steadily dwindling, seem at this juncture to be probable objectives. In Siberia or in China, however, offensive operations would place no great strain on Japan's naval resources, and if successful, they would greatly increase her long-run security against counter-attack. It is to these alternatives, some observers believe, that Japan may now turn. In this connection, it should again be noted that Japan's current commitments in China would offer no serious obstacle to an early attack on eastern Siberia.

Slow Progress in China

The Japanese have not only lost the battle in the mid-Pacific—an event, incidentally, greeted in Chungking with the "greatest outburst of enthusiasm since the bombing of Tokyo"—but they have made somewhat slower progress this week in China. In Chekiang province, where operations have been most active, the walled city of Chuhsien is still claimed by the Chinese, and now appears to have been bypassed. Tokyo reported the capture of this strategic air base and railway center on June 6, after having fought near

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the approaches to the city since June 2. Entering its second week, the fighting in and around Chuhsien apparently has been unusually bitter and, according to Chungking, has cost the enemy dearly.

Failing to subdue the defenders of Chuhsien, the Japanese have begun an attack westward along the railway which connects this base with Nanchang in Kiangsi Province. The drive along this road is now proceeding both from east and west, with the invaders reported to be some 150 miles from a juncture. In Yunnan Japanese troops have not yet been able to cross the Salween river barrier, although Chungking reports that enemy troops there are being reinforced and fighting is still in progress west of the river. The advance northward along the Canton-Hankow railway has proceeded at least as far as Yuan-t'an, some 44 air miles north of Canton.

Further operations were claimed by the Japanese far to the north in Suiyuan (Inner Mongolia) and against Chinese Communists in Hopei. Fighting elsewhere appeared to be limited to minor actions, and the Japanese still refrained from launching important offensives in "critical" areas. The possible lines which such offensives might take are described (with an accompanying map) in Appendix II.

More Aid for the Chinese

Chungking had other causes for jubilation this week than the victory at Midway. A new lend-lease agreement was signed in Washington which in effect notified the world that there will be no narrow Anglo-American settlement of the peace (see Appendix III). And President Roosevelt has warned Japan in strong terms to stop the use of poison gas in China or suffer retaliation in kind.

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Verdict on Indian War Production

As the Indian government announced the safe arrival last month of the largest convoy despatched to India, Allied attention focussed on the war potentialities of Indian industrial production. The Grady-Johnson mission, sent from the United States to investigate the possibilities of increasing India's war production, has already submitted its preliminary report. There is good reason to believe, however, that the government of India will reject most of the recommendations of the mission.

After thorough study of the Indian industrial situation, the mission recommended the immediate despatch to India of cranes to speed unloading at Indian ports of certain types of machine tool equipment, and of supplies of ferro-alloys such as molybdenum. Although proceeding on the assumption that it is in general easier to produce war materials close to the major battlefield of Asia than to solve the transport problem of sending materials there, the mission opposed any suggestion that India should attempt the manufacture of tanks, planes, and ships. India's present facilities for building planes, for example, the mission thought should be used only for maintenance. The mission further recommended the transfer of a rifle manufacturing plant *in toto* from the United States to India. In general, it concluded that India should concentrate on the mass production of certain items which she was best fitted to produce.

Objections of the Indian Government

In addition, the mission made certain more comprehensive recommendations for a long term program of Indian economic participation in the war. On these points especially, the Indian government, according to despatches from New Delhi, while perfectly willing to accept American equipment

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and supplies, has taken a conservative stand. The following are the main points in a statement issued by the Viceroy's council to the Indian press (but not for publication outside the country).

In the first place, the Government finds that the army is growing as fast as the available equipment allows—quality being stressed before quantity—although the production of war equipment needs to be stepped up. Second, a war cabinet—recommended by the Grady-Johnson mission—while effective in a country like the United States, might not work equally well in India. Similarly, the suggested creation of a separate production department in the government, according to the press statement, might simply hamper the work of industry, the supervision of which is now entirely under the supply department. Finally, the Government suggests that mass production, while attempting to increase output, might actually throw India's industrial economy out of balance. Pointing out that government contracts are now working private industry nearly to its maximum, so far as raw material shortages allow, the statement concludes that India should approach with caution the further regimentation and rationalization of its manufacturing establishments.

The Loss of Burma and India's Rice Supply

The loss of Burma as a source of rice for India will probably not seriously affect India's war potential this year, according to the Economics Division of the Coordinator's office. In recent years, however, Burma has become increasingly important as the country from which India made up her rice deficit. Indeed, during the last decade, India depended upon Burma for between five and seven percent of her total rice consumption.

Rice provides about 85 percent of the total calories consumed by all Indians. Both production and consumption

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of rice are concentrated primarily in the eastern and southern provinces of India—Assam, Bengal, Bihar, Orissa, and Madras. Madras, as an important deficit area, will probably feel the loss of Burma most acutely.

There is, however, considerable year to year fluctuation in the availability of rice supplies in India. When there are poor rice crops in southern Asia, prices tend to be high and Indian imports low. Hence consumption also fluctuates, and starvation is not uncommon. Should the current prospects of a good crop materialize, India may therefore experience—without Burmese imports—a "normal" bad year. A continuation of this situation over a period of years, however, will aggravate the Indian food situation appreciably. Nonetheless, it can probably be said that for the next year the absence of Burmese rice imports need not affect India's military capabilities.

Attack on Sevastopol

As the press reported a new German offensive in the vicinity of Kharkov, the Nazis continued their attacks on Sevastopol, the one remaining Soviet outpost behind the newly straightened German lines. Reports thus far suggest that the attackers are making substantial progress toward the capture of the city.

Observers point out that since the loss of Nikolaev, Sevastopol has been the only Black Sea naval base remaining in Russian hands which is adequate for large combat vessels. Although submarines and smaller shipping have been operating from such eastern ports as Novorossisk, Poti, and Batumi, apparently none of these have drydock facilities for large vessels. In other words, the loss of Sevastopol would render Soviet naval operations in the Black Sea exceedingly difficult.

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Conversely, German capture of Sevastopol would protect the Nazis from hostile operations against their water-borne transport in the western part of the Black Sea—a factor of some importance, in view of the heavy demands on the railroads of the southern Ukraine, which the Nazis have apparently re-tracked only as far as Odessa. The capture of Sevastopol would further reinsure the Germans against surprise troop landings with fleet support such as the Russian recapture of the Kerch peninsula last winter.

Meantime, unconfirmed reports suggest that four additional Italian divisions and seven Rumanian divisions will soon go to the Russian front. Other reports point out that the food shortage in Leningrad is making the position of that city increasingly perilous. Here the Nazis are evidently bringing up and emplacing additional heavy siege guns.

Fuehrer and Field Marshal

On June 4, with a typically Nazi flair for the dramatic, Hitler staged a surprise visit to Finland to decorate Marshal Mannerheim on the latter's 75th birthday. The Fuehrer, accompanied by Field Marshal Keitel, arrived by plane between noon and one o'clock. He called on President Ryti in his capacity as Fuehrer, and then on Mannerheim as commander-in-chief. After a state banquet, and a further conversation with Ryti, Hitler departed, again by air, about 6:30 in the evening.

Apparently the Finnish government did not learn of the projected visit until the day before the Fuehrer's arrival. Finland's foreign minister has been careful to point out that no significance attaches to the visit beyond the state of co-belligerency between Germany and Finland. According to a Swedish diplomatic representative, however, the whole thing was a characteristic Nazi trick to embroil Finland

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further in the war; it gives the impression that the Finns are now definitely under Axis control. A member of the Swedish general staff adds that the visit represented a desperate effort to induce the Finns to play an active part in the war, and to check Mannerheim's gradual evolution toward Ryti's position of opposition to Finnish participation in any Nazi offensive. Incidentally, the Swedes are apparently greatly relieved that they refused Finland's request to postpone their own presentation of a decoration to Marshal Mannerheim from March of this year to June 4, the date of the Fuehrer's visit.

Cologne: A Week After

Six days after the British raid on Cologne, reconnaissance planes were able to photograph the area, revealing extensive destruction to specific industrial and transport installations. Although the significance of the raid in terms of industrial output and railway damage cannot yet be evaluated, certain measurements of the consequences of area bombing are possible.

Aerial photographs indicate that a total of eight square miles—or one-twelfth of the whole Cologne area—was pretty completely burned out. The effectiveness of the destruction was probably greater than the extent of the burned-out area would indicate, since the RAF concentrated its attack on sections where industrial and commercial establishments were most densely located. Casualties, in a population of 750,000, are reported from Vichy to have been 7,000 killed and 11,000 injured; and the Swiss consul in Cologne reports that 200,000 are being evacuated from the city.

Reaction to Cologne and Essen Raids

Among both warring nations and neutrals, the mass air raids have made a deep impression. Axis propaganda

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machines were unable to conceal or dissimulate the shock of the first heavy raid on Cologne. Tokyo radio, obviously unnerved, broadcast at first the British version, wondering only—to use Tokyo's words—whether the raid was a "flash in the pan," but at the same time admitting "undeniable" destruction. The Berlin radio finally abandoned altogether the attempt to conform to the official figures on the number of attacking bombers—70—and said there were 150 "at most." Cologne newspapers received at Bern after the raid, in describing still-smoking ruins and "a night of horror," quoted a local *Gauleiter's* public appeal to residents of the bombed city: "We still shall need much patience and a long time to overcome the worst effects of this raid."

Diplomatic sources report that Spaniards were "deeply impressed." The new Argentine Ambassador at Vichy, Olivier (whose reputation is pro-Axis), remarked to a reliable source there that Germany would crack if such raids were continued. The retiring Vichy envoy at Bern, Count de la Baume, declared that mass air raids might knock the Germans out of the war before 1943, and quoted a Nazi officer attached to the Vichy Mission in Switzerland in support of his statement.

British commentators were enthusiastic, but not over-optimistic. In time, according to one British radio comment, Germany might be defeated by air raids alone, but not in 1943. Russian comment was even more subdued. Its first news of the raids, appearing June 3 in the *Krasnaya Zvezda*, gave a factual review which concluded with a note of "deep satisfaction."

British Prestige Rises in France

Public reaction to the big raids, as reported from Vichy, appeared to be almost jubilant, despite the attempt of the press to divert attention to raids on Paris industrial areas.

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Stories of "40 French dead" in the latter raids, failed to bring the desired results, and there was some comment instead that the British must have exercised considerable care to avoid killing a larger number. British prestige, which had touched bottom after Singapore and the *Scharnhorst-Gneissau* affair, is now noticeably higher, according to a reliable diplomatic source—a change due not only to the raids but to successes in Libya as well. Frenchmen hope only that the raids will be repeated each week, adding that this would be an admirable deterrent to French volunteering for work in Germany—a program Vichy is now pressing.

Increased Communist Activities

Coincident with the raids, and presumably synchronized with them, Communist activity appears to have increased both in France and Germany. The official French radio has admitted as much, and from Stockholm come further reports of organized disorders, sabotage, and attacks on German fire and police services, conducted during air raids. After the raid at Mannheim, according to these sources, a score of Communists were executed for these activities, which are nevertheless continuing to expand.

Protest of the German Bishops

The new tempo of air attack against Germany's industrial areas—many of which have large Catholic populations—may well reinforce the effect of the recent pastoral letter of the German Catholic bishops protesting Nazi persecutions of the Church. The text of this letter, issued March 22, has now reached this country (it was published June 7 in the *New York Times*). While it can hardly be described as anything like a clarion call to revolution, the letter is the

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most vigorous statement of protest by the Germany clergy since the beginning of the war.

A close observer emphasizes the outstanding importance of one particular passage, that which charges the Nazis with the "wish to destroy Christianity in Germany during the war, before the soldiers, whose Christian faith gives them the strength for heroic battles and sacrifices, return home." Since Nazi propaganda has consistently aimed to maintain the solidarity of home and fighting fronts, this charge may reveal the beginnings of a significant fissure.

The insistence upon personal freedom as a "natural right" reasserts once again the historic conflict between Church and State. But more remarkable and specific is the extension of the demand for juridical proof in the case of priests and laymen sentenced to concentration camps to include now the release of "all fellow citizens" deprived of their liberty "without proof of an act punishable with imprisonment." Hitler's speech of April 26, a month after the signature of the pastoral letter, made very plain the futility of this particular plea—were it not already evident. The reaction of German Catholics, torn between their aversion for Communism and their increasing distaste for Nazism, and subjected now to the rigors of the British bombing campaign, will bear the closest scrutiny in the coming months.

The Battle of the Desert

The Libyan campaign has settled down from the rapid movement of the first week into a struggle apparently aimed at the destruction of opposing armored equipment and the seizure of certain strategic positions. Rommel has firmly established himself in the nine-mile gap which he blasted in the British defenses running from El Gazala to Bir Hacheim. This position gives him access to his supplies and to possible reinforcements from the west; and it is from this position

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that he has launched his repeated tank drives into the Knightsbridge area to the east, where the principal fighting has taken place. The British have successfully counter-attacked these Axis thrusts, with infantry and artillery playing an important role. The second center of combat has been at Bir Hacheim, where Free French forces, supported by British Indian troops, withstood almost incessant Axis attacks. Yesterday the German High Command claimed to have captured the garrison at this outpost, which, if true, would remove a threat to Rommel's communications and give him a southern anchor for any future advance.

If in the end Rommel feels that he cannot capture Tobruk, he may dig in where he is, thus securing his hold on western Cyrenaica and leaving the British in their present strained position in the Mediterranean area. The British position in supplies is probably better than that of the Axis. Tank losses have been extremely heavy on both sides. High praise has been given American 28-ton M-3 tanks, mounting a 77-mm. gun, along with lighter armament.

In the all-important task of harassing enemy supply lines, the RAF appears to be outdoing its foe, carrying its attacks not only to Derna and Martuba in Cyrenaica, but on to Sicily, Taranto, Naples and Sardinia. The British Navy also entered the picture, announcing that it has destroyed three submarines sent to attack shipping off Tobruk, and that a British submarine has sunk a destroyer and three merchantmen on their way from Italy to North Africa.

French Optimism Creates a Dilemma for Laval

From France come reports of a new optimism, a new belief in the United Nations' chances of winning. The attitude of millions of Frenchmen toward collaboration has hinged on their estimate of Axis victory. Now these estimates are apparently being revised in the light of the recent aerial

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attacks on Germany, the British stand in Libya, and the failure of the Germans to launch an offensive in Russia. It is reported that high French intelligence officers think Germany is on the down grade. There is also an increasing belief in France that the Continent will be invaded before the end of this year, an opinion that will scarcely be diminished by the recent British broadcast asking Frenchmen to evacuate coastal areas.

Faced by this new trend of opinion, Laval is at the same time being subjected to increasing Axis pressure as well as to that of French collaborationists such as Paul Marion, the Propaganda chief, who is running an anti-British press campaign. Laval himself, however, is now reported to be less sure of German victory. Having a constitutional aversion to being on the losing side, he appears to be playing for time, trying to limit his collaboration to economic matters. Even here he is meeting great difficulty in trying to recruit the French labor reinforcements promised to Germany. Perhaps fearful of a sudden attempt to oust him, Laval has placed the *Gendarmerie Nationale* under his own command.

Franco-Italian Tension

Although hostile feeling between Italy and France is still very great, there are reports which indicate that Germany may no longer be supporting Italian claims. The French official press carried an article, intended to reassure the population of Nice, which said that the Italian Foreign Minister had underlined the perfect harmony of Franco-Italian relations. Although this source must be viewed with distrust, there seems to have been some relaxation of Italian pressure.

The Italian-language press in America has thrown an interesting sidelight on the strain that Laval's return may have caused in the internal relations of the Axis. For

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example, one paper comments editorially that "the last thread of confidence in Berlin was cut when Hitler promised Laval Nice, Corsica, and Tunis if Vichy would play a Quisling game."

The Nazis Extend Their Influence in North Africa

There are disturbing reports that the French have been sending substantial amounts of war equipment and aviation gasoline to bolster their North African forces, all done with complete German approval and even under Nazi direction, according to diplomatic sources. Germany is also stated to be favoring Morocco economically. Since December, 1941 the latter has bought 20 million francs worth of German manufactured products.

Another reliable and well placed observer reports in some detail on increasing Axis penetration of the Moroccan area, and says that groups organized to resist this have disintegrated since the advent of Laval. The Axis, he reports, is investigating Moroccan air fields and seeking the eventual use of this area for bases from which to close the Straits and interfere with South Atlantic shipping. On the other hand, French officials continue to urge us to renew shipments to North Africa in order to forestall possible German economic control. It is also reported that the attitude of French officials there has never been so outspokenly favorable toward the United States, and that belief in Allied victory is growing rapidly.

The Nazis Recruit a White Russian Legion

In the Balkans, where many Russian refugees have settled since the last war, the Nazis are now recruiting a White Russian Legion, according to reliable reports. While enlistment has been slow, it is said that the Germans have enrolled about 1,500 officers, thanks to the high pay. They are train-

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ing these officers at Metrovica for eventual use against Serbian guerrillas or in supervisory capacities in camps in Poland and Germany where Soviet prisoners are being held. Although the Germans have induced an ex-Czarist general, Boris Steifon, to take the military command, efforts to get the Russian heir apparent in Paris to head a comprehensive White Russian movement against the Soviets have been unsuccessful, it is reported.

Meanwhile the Hungarian government has conceded the Nazis the right to incorporate Hungarian troops in German military units, it is reported from Bern. Such troops are either Germans domiciled in Hungary or Hungarians of German extraction.

Reactions to the Turko-German Military Agreement

The Turkish announcement that Germany would provide her with 100 million marks worth of military equipment has caused some diplomatic rumbling. The Russian ambassador in Ankara was reported to be "disturbed", fearing a German *quid pro quo* would be involved. The British Foreign Office feels that the Turkish action was perfectly reasonable, since the United Nations were unable to supply all the war material Turkey wanted; but the British think the Turks were a little too eager about it all, and they fear that Ankara was not sufficiently alarmed about the danger of German "experts". While wishing that Turkey would be less stiff in her neutrality, the British recognize that the key to Turkish policy lies on the battlefields of Russia and Libya. The Axis, in turn, has aired the agreement as proof that Turkey is a "natural trade partner" of the New Order, despite Allied lease-lend machinations. The Turks themselves said little; one prominent official doubted that deliveries would actually be made.

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Increasing Discontent in Ecuador

In Ecuador the long-standing public dissatisfaction with the administration of unpopular President Arroyo del Rio has been intensified during the last year by the fiasco of Ecuador's defense against the Peruvian invasion, and by what many consider the President's maladroit foreign policy leading up to the disastrous boundary settlement with Peru. This cumulative unrest flared up on May 28 in a brief but bloody riot in the streets of Quito.

The occasion was a minor one—a seditious manifesto and speech by a young army hothead, Captain Leonidas Plaza. The riot, in which public and students brushed fatally with the military police in seeking to enter the presidential palace, was quickly put down. That it was important in the eyes of the government, however, is shown by the immediate arrest of more than a score of prominent opposition leaders, many of whom were not present at the scene. Among these, significantly, were Antonio Quevedo and Galo Plaza (brother of Leonidas). They are respectively the head and one of the most influential leaders of UNE (*Unión Nacional Ecuatoriana*), an independent coalition of the ablest elements of all Ecuador's opposition parties, which has done much to crystallize sentiment against the government among more thoughtful citizens. While there is little public sympathy for the actual ringleaders of the riot, the public has apparently grown tired of the government's repressive measures, and continued imprisonment of such influential leaders as Quevedo and Galo Plaza may increase the general unrest.

Recent United States loans have helped to keep Arroyo in power, according to reliable reports from Quito. The president seems, however, to have retained only the support of the army and carabinieri and to have lost the confidence of most civilian elements. When congress convenes in August, he may be unable to withstand a concerted attack by opposi-

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tion leaders. While Arroyo's avowed policy of cooperation with United States has not been as effective as might be desired, it is feared that in the event of his removal from office, his successor might be even less effective, and that the change might involve serious political upheaval.

Unrest in Jamaica

The steady discharge of workers employed on the United States base in Jamaica during the past few weeks has produced a rather critical situation, according to reports. With the progress of the work, the services of these men are no longer needed. The base is now about to release 2,000 to 3,000 further workers, bringing the total of those dismissed in recent weeks to about 7,000. Most of these men were originally recruited in the rural districts of the interior, but on leaving the base, they tend to drift into Kingston where they become a source of unrest, and, according to one observer, they tend to aggravate a situation which threatens to become dangerously unstable.

Castillo Versus Congress

The order of May 29 muzzling press discussion of Congressional debate on foreign affairs was a "lamentable error", according to Argentine Minister of the Interior Culaciati (*The War This Week* May 28-June 4, p. 16). The Minister explained that the order was intended merely to reaffirm that the state of siege does not permit press discussion of foreign affairs. The best qualified observers, however, believe that no mistake was made in interpreting the original order: the government intended to muzzle public opinion, as expressed in the Congress, but was forced to modify its stand by the storm of public and Congressional protest that met the order.

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Vice President Castillo's policies will undergo a searching examination in Congress. The Chamber of Deputies, which is narrowly controlled by the opposition Radical-Socialist bloc, voted 98 to 13 to interpolate Culaciati on June 18 on (1) the motions for establishing and maintaining the state of seige; (2) the reasons for the decree of April 11 arresting 57 so-called Communists; (3) the order of May 29. The vote is significant in as much as the Radical-Socialist bloc in the chamber has 82 deputies and the government "Concordancia" 76. The Senate, overwhelmingly pro-government, also asked for an explanation of the state of seige, although in a much milder form.

Subsequently, on June 9, the opposition deputies opened an attack on the government's foreign policies. Radical deputy Raúl Damonte Taborda, chairman of the Commission to Investigate Anti-Argentine Activities, offered a resolution to break diplomatic relations with the Axis countries. Another Radical deputy proposed the diplomatic recognition of the Soviet Union. A third move, presented by the Socialist leader, Nicolás Repetto, asked for a full report on foreign policy from Foreign Minister Ruiz Guiñazú.

In view of this evident tension between the government and the lower chamber of Congress, more than passing interest is being paid to recent items in *El Pampero*, an openly pro-Nazi propaganda sheet as well as a staunch supporter of native Argentine fascist groups—the so-called "Nationalists." On the last three days of May, this paper published strong attacks on the Radical and Socialist sectors of the Chamber of Deputies and called for a dissolution of Congress.

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APPENDIX I

ENGLISH ATTITUDES TOWARD THE UNITED STATES
SINCE PEARL HARBOR

English attitudes toward the United States since Pearl Harbor have been predominantly friendly and cooperative, with only a very moderate sprinkling of comments expressing criticism or fear of American domination. Such is the conclusion of a current study by the British Empire Section of the Coordinator's Office, based on diplomatic sources, parliamentary debates, and the English press.

Prior to our entry into the war, Britain's first warm feelings toward America had yielded to some resentment over our slowness to act. At the same time, the Red Army presented England with unexpected and very tangible assistance on an enormous scale. As a result Russia for a time displaced America in British esteem.

America Enters the War

When at last America entered the struggle wholeheartedly, she was greeted in England with general satisfaction. There were some bitter comments over the fact that we, like the United Kingdom, had been caught unprepared, and there were disappointments for those who expected miracles from America. But in general there has been consistent praise for what we are doing, sympathy over our reverses, and a deep reliance on America in the matter of plans for the organization of post-war stability.

Critical comment has focussed about certain recurrent issues. On the diplomatic front our disposition to remain on speaking terms with Vichy has irritated the British, who favor the methods used at Madagascar to those of Martinique. Fear of American domination has cropped up, especially in conservative circles. Economically, the inroads of American firms on British monopolies—for example, Pan-American Airways' invasion of Africa—are seen as foreshadowing post-war competition that may prove disastrous.

Some objections have also been raised to the growing importance of Washington in the direction of the war, which one speaker in the House of Commons feared would reduce England to "the position of America's Heligoland off the coast of Europe." Although there have been scattered expressions of concern over what was happening to the Empire and to imperial preference, one well-placed observer reports that most people regard with detachment, if not with thorough approval, the closer ties of Australia and America, a development which this observer feels would have caused anger a year ago.

Our War Effort

About our war effort itself there has been little hostile comment. Some skepticism has arisen about America's promises of aid, and voices from the Left have

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contrasted these with what Russia was actually doing. However, there does not appear to be any basis for the assertion that the British public has been led to believe that all American production is throttled by strikes. The general feeling is one of respect and gratitude for our productive capacity.

On the military front our successes have brought elation, and MacArthur's prestige is said to stand "higher than that of any general outside Russia." The English have compared the heroic defense of Bataan with the brief resistance of Singapore, and have not failed to note the loyalty shown by the Filipinos in contrast to the attitude of the Burmese and Indians. The arrival of American troops, from Ireland to Australia, has been hailed with enthusiasm.

The English Press

A brief survey of a number of British newspapers shows a uniform friendliness, and even a definite desire to cultivate American goodwill. The *Times* and the *Manchester Guardian* have laid great stress on America's rôle. Admiration of our war leaders and optimism about our contribution have run high. More significant, perhaps, is the fact that the popular sheets with enormous circulations, like the *Daily Express* and *Daily Mirror*, are uniform in their praise. Since they tend to cater to the public taste, they might be expected to reflect criticism of America if it were indeed prevalent. The *Economist*, which handles American news adequately and frankly, gives an impression of real conviction in its favorable comments on America at war. Least flattering is the *New Statesman*, which tends to ignore America, and strengthens the feeling that English Leftists are inclined to link their fate with Russia rather than the United States.

In summary, the British are obviously receiving increasing encouragement from America. By comparison with the violent anti-British attitude of many influential American newspapers and politicians, the attitude of press and officials in England toward us has been a model of friendly cooperation, the report concludes.

APPENDIX II

POSSIBLE ROUTES FOR JAPANESE OFFENSIVES IN CHINA

The Japanese have some thirteen available avenues of attack in China, as the accompanying map indicates. If they should undertake an all-out offensive, aimed to crush Chungking resistance, the Japanese would probably use some combination of the critical routes indicated, according to a memorandum prepared in the Far Eastern Section of the Coordinator's office. Such a campaign might well include: a push across the Yellow river past Sian, possibly supported by a drive along the Han river valley, and probably accompanied by a closing of the gap in the Peiping-Hankow railroad; a drive on Kunming along the Burma Road, possibly supported by thrusts from French Indochina or the Shan states of Burma; and finally a linking of Hankow with Canton by a northward drive from Canton through Shao-kuan and a southward advance through Changsha and Heng-Yang.

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There is no evidence as yet that the Japanese have committed themselves to so ambitious a program. They are at present relatively inactive in the Yellow river sector and have undertaken little more than preliminary consolidation of their positions in the Yunnan area. Nor do Japanese operations at Canton as yet presage a decisive drive for the railroad.

The Hankow-Canton Railroad

Capture of the whole of the Canton-Hankow railway would by itself be a major blow to Free China. It would not only give the Japanese strong interior lines of communication from Hongkong to the Siberian border, but would open up the province of Hunan to Japanese exploitation—a province rich in tungsten, antimony, sulphur, zinc, lead, manganese, coal and iron, and an important rice granary. Eastern Hunan, much of Kwangtung, and all of Chekiang, Kiangsi and Fukien provinces would be isolated from Chungking.

The Japanese might even limit their drive to various points along the railway and still win important objectives. From Canton northward, occupation of Shao-kuan alone would add seriously to the difficulties of Chinese internal communication. Further north, Heng-yang is perhaps the most important railroad communications center in Free China. Changsha can be approached either from the Japanese base at Yo-yang or Nanchang, although the latter route would mean traversing rough and hilly country.

Drives Toward Kunming

A resumption of the Japanese advance along the Burma road toward Kunming would meet its greatest terrain obstacles in the rugged country west of Tai-li. The rolling upland further east should present no very great difficulty. Kunming, the second most important industrial center in unoccupied China (next to Chungking), would be an important prize. It has machine shops, an electrical equipment factory, motor repair shops, power plants, and a variety of small factories, and in addition, is the chief depot for Yunnan tin, copper, antimony, zinc, gold and silver. An alternative route to Kunming is that from Laokai in Indo-China (*The War This Week*, May 14-21, pp. 5-6).

Positions in West China

To drive on Sian from their base at P'u-chou, the Japanese must cross the wide course of the Yellow River and move immediately into rugged country, and as yet they have made no serious attempt to do this. The results of a successful campaign in this sector, however, would not be inconsiderable. The occupation of Sian, a communications center on the Lunghai railroad, would secure for Japan additional supplies of wheat, raw cotton and hides. Pao-chi, the newly important industrial center at the western terminal of the Lunghai railroad would be immediately imperiled, and perhaps Chengtu and Chungking as well.

Such a drive on Sian might be accompanied by a thrust westward from Heilang-yang, although between this railhead and the Han river valley there is an area of rugged country, not easily crossed. This drive, by itself, probably would not repay the effort, but in conjunction with that on Sian it would threaten the whole Chinese position in western China.

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An effort to take the now demolished portion of the Peiping-Hankow railroad between Hsin-yang and Cheng-chou would be probable if Sian were also an objective, since rail communications could then be opened from Shanghai to Sian. This railroad also would be a valuable extension of the Canton-Hankow route, if the latter were fully controlled.

Route from Russia

If aid to China via Russia should threaten to become a matter of major importance, Japanese forces might attempt to sever the route from Turkestan by pushing westward from their base at Pao-t'ou, terminal of the Peiping-Suiyuan railroad. From Pao-t'ou, a desert road (not shown on the map) leads around the great bend of the Yellow river and southward to Ning-hsia and Lanchow. This approach over the desert is long and formidable, but on June 7 Japan was reported to be conducting operations south from Pao-t'ou.

Other Thrusts

Other possible drives shown on the accompanying map are those in Chekiang province and at Foochow, currently in the news. From Canton, a thrust westward into Kwangsi Province might be undertaken, toward Nanning. The Yangtze river appears also to offer an avenue for direct attack on Wan-hsien and Chungking from the Japanese-held city of Ichang. But mountainous topography and the Yangtze gorges are difficult obstacles and, short of reaching Chungking, little advantage would be gained.

The Climatic Factor

There are relatively few meteorological stations in China, and the exceedingly diverse climates have never been described in detail. In the six broad climatic divisions of China proper, weather would appear to be an important factor for military operations, particularly in the areas affected by the monsoon and in the semi-arid continental area of northern China (see inset in accompanying map).

In the upland monsoon area, which embraces the Yunnan front, there are frequent and often torrential rains from June into September. These rains, reported in press despatches some time ago as having begun, may possibly deter the Japanese from any immediate large-scale operations in this area. Along the southern coast, and extending into a part of Chekiang Province, the rains normally begin in mid-April and continue until mid-October. This coast is particularly exposed to typhoons, which strike most frequently during the period from July to September.

In the semi-arid north, the winter is cold and dry, with frequent dust storms, but the coming two months—July and August—are the wettest of the year, and perhaps not unfavorable for operations. The route from the Japanese base at Pao-T'ou, where Japanese activity has just been reported, would cross this region.

The humid subtropical area, in which the Japanese are at present most active, has a hot, wet summer, with June usually the rainiest month, but this would appear to be no very significant obstacle to operations.

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APPENDIX III

THE LEND-LEASE AGREEMENT WITH CHINA

The newly signed lend-lease agreement with China continues United States' assistance to that country, and calls for such reciprocal aid as China can furnish. The notable new provisions in the agreement, however, are found in Article 7, which provides that the ultimate settlement between the United States and China shall not burden commerce, but shall promote mutually advantageous economic relations. This article goes on to promise that the settlement shall include provisions directed to the expansion of production, employment, and the exchange of consumption goods; to the elimination of all discrimination in international commerce; to the reduction of trade barriers; and in general to the attainment of economic objectives identical with those set forth between Great Britain and the United States on August 14, 1941, in the Atlantic Charter.

The inclusion of the words "defense information" along with "defense articles" and "defense services" in five out of the seven articles of agreement is considered to be a notable recognition of the special aid which China is equipped to render the American government and armed forces along these lines.

Lend-Lease to China Reviewed

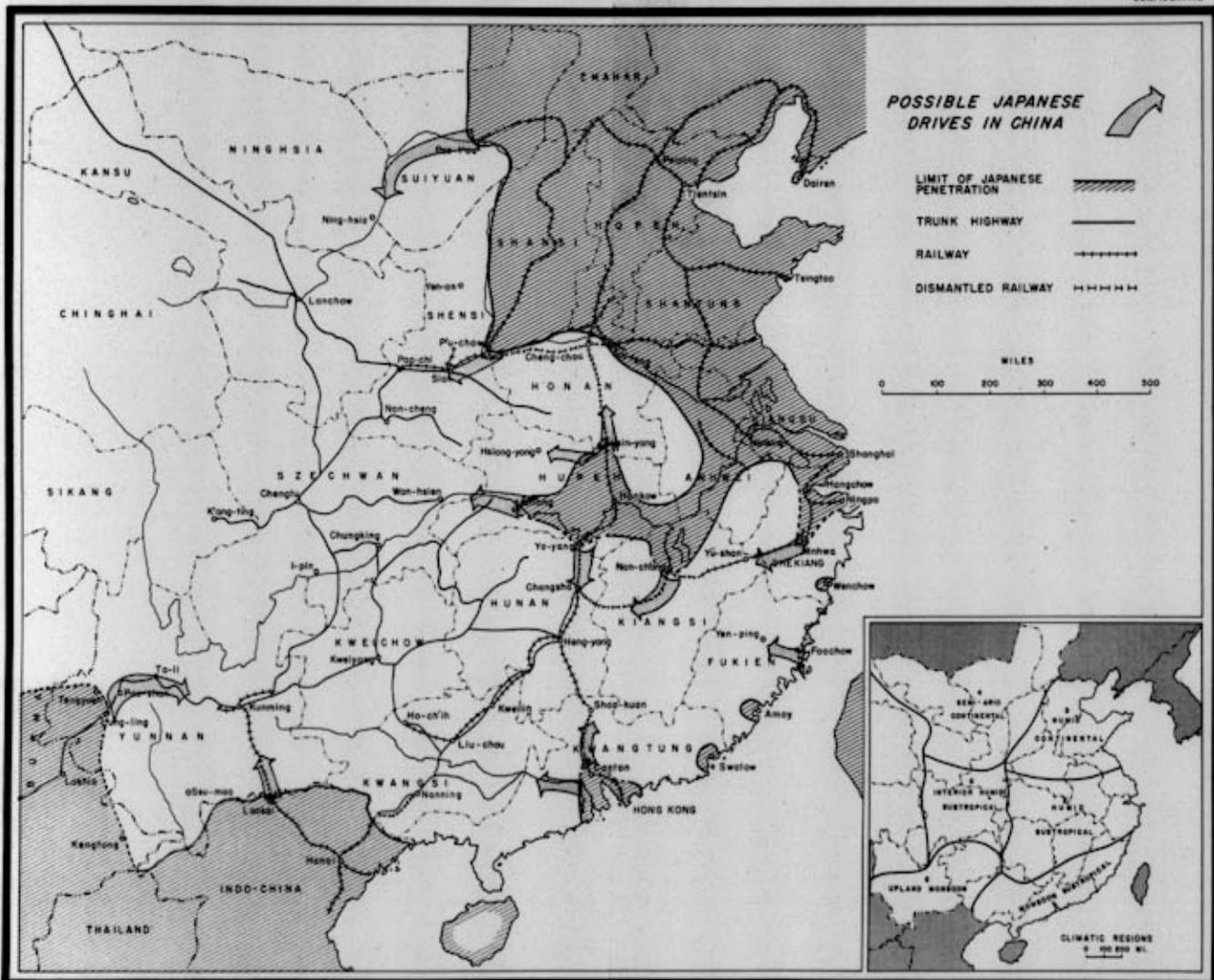
With the signing of the new agreement, a review of lend-lease aid for China is in order. From the first \$7,000,000,000 of lend-lease funds appropriated, \$218,638,500 was allocated to China. From the second appropriation of \$5,985,000,000, China was allocated \$400,656,931. The importance of this projected aid is thrown into relief when it is remembered that China's prewar (1936) imports from the entire world totalled about \$280,000,000 yearly. China began to receive lend-lease aid only in May, 1941.

Formidable obstacles faced those seeking to supply China, notably the competition of the needs of other countries, and the problem of furnishing ocean tonnage for shipment to the Orient. By December 31, 1941, actual lend-lease aid to China had reached a total of \$36,912,000; by January 31, 1942, \$58,862,000; \$77,371,000 by February 28; \$88,051,000 by March 31; and \$122,033,000 by May 15. These sums represented 2.4, 2.9, 3.0, 2.8 and 3.2 percent, respectively, of the cumulative totals for those dates of lend-lease aid to all beneficiaries.

The Transport Problem

Of the two sums allocated for lend-lease aid for China, 40 percent of the first allocation and 20 percent of the second were earmarked for transportation. Actual transportation costs have so far amounted to approximately 7.5 percent of total lend-lease aid to China, or approximately 11 percent of the cost of articles already transferred.

With the loss of Burma, shipments to China must necessarily be limited to (1) aircraft which can be flown in; (2) such materials as can be carried by air freight; and (3) truck transportation or camel caravans between Sergiopol or Alma Atta on the Turk-Sib railway, and Lanchow (or between Irkutsk on the Trans-Siberian railway and Lanchow, via Urga and Ning-hsia). The success of air freight will depend largely on cooperation between China, Russia and the United States with a view to obtaining terminal facilities and fuel supplies for air transport. The success of truck transportation also will depend on Russian cooperation in the matter of tonnage space on the Turk-Sib railway to Alma Atta and on the supply of gasoline.



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For the President

JUNE 18-25, 1942

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Office of Strategic Services

THE WAR THIS WEEK

With disconcerting suddenness Marshal Rommel's desert blitz this week developed new power, smashed the resistance of the British, captured Tobruk, and rolled on into Egypt. Some military observers expect an early and powerful Nazi drive into Egypt and are unwilling to predict where the Germans can be stopped. Simultaneously the enemy was drawing an iron ring about the critically important Russian naval base at Sevastopol, whose situation is considered grave.

Observers emphasize that Tobruk and Sevastopol would offer the Germans new advantages for a possible descent on the Near and Middle East, if they decide to turn in that direction. The recently reported German offensive in the Kharkov sector would be a logical element in such a campaign.

As the Nazis won fresh successes, Vichy moved nearer the collaborationist fold. While Pétain had recently associated himself completely with Laval, the latter has now declared publicly and in unvarnished words that he hopes for a German victory.

In the Far East the steady movement of Japanese forces into Manchuria continues to suggest an attack on Siberia, but observers disagree as to when it may come. The Japanese campaign in eastern China has slowed, but the danger of an early reduction of that area remains. Such a conquest might have far-reaching implications for the Chinese war effort, particularly if the Japanese undertook a serious economic blockade of China. Finally, a letter from Gandhi

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to the Generalissimo roundly states the present Congress position: let Britain give India freedom and India will welcome the United Nations as Allies.

Major British Reverse in Libya

The British have met in Libya a military disaster of such magnitude that it imperils Egypt, Alexandria, and the Canal, and perhaps endangers the whole Allied position in the Near East. The significant factor is less the fall of Tobruk than the very severe losses sustained by the Eighth Army in men and equipment. Some observers believe this defeat may seriously prolong the war. Its repercussions, coupled with German gains in southern Russia, must be watched not only on the military front, where an Axis drive through Egypt must be recognized as a distinct and imminent possibility, but also on the political front, where it will unquestionably affect all the watching, wavering countries from Spain to Turkey and Iran, as well as the position of the Churchill government at home.

The Military Defeat

The military disaster began with the terrifically heavy destruction of Allied armored equipment—especially in the days after June 13—in the “cauldron” area southwest of Tobruk. The British, who had earlier been forced to abandon their two outposts at Bir Hacheim and El Gazala, were now driven back on Tobruk. They were apparently still in retreat, without having had time to make full defensive preparations, when Tobruk was stormed by a concentration of Axis armored force supported by dive bombers and artillery attacking from three sides. The size of Rommel’s booty in prisoners and stores is not yet known, but the rapid British

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retreat from the whole forward area made total destruction impossible.

Rommel then lost little time in pressing on with strong armored forces to occupy the Bardia-Capuzzo line facing the Egyptian border. At latest report his advance forces are thrusting at Sidi Barrani in the north and also preparing an encircling attack to the south.

Decisive factors in the German victory were the perfected combat-team technique of German ground and air forces; the superiority of German over British tanks, particularly in fire power; the excellence of German tank recovery and maintenance service; the high quality and flexibility of Axis artillery, especially the 88-mm. anti-tank gun; the superior staff work and tactical genius of General Rommel, coupled with the hard and aggressive combat ability of his troops and officers; and the persistent British underestimation of enemy strength. The 88-mm. gun was apparently instrumental in giving Rommel the initiative. Reputedly provided with a special armor-piercing shell, and with control apparatus and rate of fire designed for fast moving targets, it was used with devastating effect both defensively and offensively to establish “tank proof” localities and batter Allied tanks.

Possible Axis Moves

It is not to be expected that Rommel will delay his main drive on Egypt long enough to allow the British to reorganize and reinforce their defenses. His plan is probably to combine a flanking sweep through the southern desert with a direct assault along the coastal strip aiming to break through around Solum and Sidi Barrani and strike directly toward Alexandria.

Rommel clearly received far greater reinforcements over the past several months and during the campaign than the

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Allies estimated. He is still believed to possess a powerful armored striking force that may number better than 300 tanks by the end of June, in addition to tanks salvaged from the British. There are indications that he has received air reinforcements, and, with a new deep-water port at Tobruk, he may be expected to get rapidly the critical supplies he needs.

In the coming campaign Rommel may possibly be aided by parachutists flown from Crete and landed behind the British defensive lines. It is believed that 8,000 would be a reasonable guess as to the number of parachutists in Crete, besides perhaps two divisions of infantry. And it is known that Germany has been stocking the whole Aegean area with aviation gasoline for some time. There is some possibility that these forces will be used for either a diverting or all-out attack on Cyprus and Syria; but the relative proximity of the Egyptian theater has caused many observers to look in this direction.

Opposing this possible Axis advance are geographical difficulties and lengthening supply lines, a strong British air force, and whatever elements of the Eighth Army were successfully withdrawn to the British defense lines, together with reinforcements which the British state have arrived and are to arrive. It may also be assumed that some forces can be transferred from the Ninth and Tenth Armies now in Syria, Iran and Iraq, though they are themselves credited with only limited strength.

British and Italian Naval Positions in the Mediterranean

The critical situation in Libya has directed attention once more to the current position of the British and Italian navies in the Mediterranean. Deputy Prime Minister Attlee has announced that in the recent convoy actions in the Medi-

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terranean, the British lost one light cruiser, four destroyers and two escort vessels, losses which he held were about equivalent to those of the enemy listed last week (*The War This Week*, June 11-18, p. 12). This underlines the weakness of the British Mediterranean position, where all ship movements can be observed by the enemy and subjected to some four days of continuous air and sea attack from bases that stretch from Sardinia to the Dodecanese. Moreover, the British have had to divide their reduced Mediterranean forces between Gibraltar and Alexandria to cover both ends of that Sea.

A new threat to Alexandria has appeared with Rommel's advance. Apart from any overland threats to Alexandria and the Canal, the Axis now controls Libyan airdromes that will make possible continuous fighter-supported bombings of the British naval base.

However, the losses and damage sustained by the Italian fleet, especially its heavier units, have been so severe that there is probably little danger of Italy's using her central position to inflict a decisive blow on either of the British forces. Of the six battleships with which Italy entered the war, it is believed that only one (of the old *Cavour* class) is now available for operations, with the other five undergoing more or less extensive repairs. The two battleships listed as under construction—the *Roma* and *Impero*—are reported nowhere near completion. Of the eight heavy cruisers with which Italy began the war, five and probably six have been sunk, and the other two are believed to be damaged. Of a total of sixteen light cruisers, four have been sunk, three are obsolete, and three are under repair.

In lighter ships, the Italian position is somewhat better. They are estimated to have 77 destroyers and torpedo boats (having lost 53 of an original 128) and to have 67 submarines (having lost about half of their original flotilla). The Italians

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also have at least 84 MAS boats (MTB's) in operation, and may have more.

A basic weakness of the Italian fleet is its lack of carrier strength, which means that it is in general limited to operations within the range of land-based planes.

Expected Repercussions Among the Mediterranean Peoples

The simultaneous Axis advances in Libya and southern Russia can be expected to cause general restiveness in the Near East, and a sharp decline in Britain's waning prestige, according to one close observer. Egypt's government may continue to stay out of actual war, but the Egyptian people have become alarmed, and the British may be obliged to undertake an embarrassingly large amount of police work to maintain order amidst a jittery population.

Rumblings and possible eruptions may follow all through the Arab world, long restive under British control and newly fearful of Zionism. If the Allied position progressively deteriorates, there may be trouble in Iraq and Iran, now dangerously poised in enforced adherence to the Allied cause. Turkey lies between the Axis drives. She realizes that she may be enveloped as Sweden is, but she wants to keep out of the war and do so with dignity. Concessions may have to be made, but Turkey will try not to gamble her independence, our observer feels.

Among the larger nations of the western Mediterranean the repercussions of Tobruk cannot yet be gauged, but the effect on Italian morale is said to be one of sheer exaltation, strengthening the pro-Axis elements in that country. A further extension of Axis success would undoubtedly influence the course of French and Spanish policy, perhaps along the lines indicated by press reports stating that Hitler has asked Vichy to turn over a million tons of French shipping now in the Mediterranean.

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The London Press and the Fall of Tobruk

In the London press there is no attempt to minimize the defeat suffered in the fall of Tobruk. Almost without exception it is admitted that the Germans not only had better equipment, but also that they were better led. As the *Daily Herald* puts it, "We have been outweaponed and outwitted." The general estimate of Rommel's performance is succinctly put in the *London Times*, "Consummate leadership."

In assigning the blame the London press is almost unanimous in charging it to bad management. This is equally true of radical papers like the *Daily Herald* and of ultra conservative organs like the *Daily Telegraph*. "Either there are dangerous weaknesses in our intelligence services or else those who are directing the military effort persist even to this day in underestimating the enemy" (*Daily Herald*). "Events declare that there has been something very wrong in the Middle East operations, and the cabinet must recognize the necessity to set it right without delay, however drastic and comprehensive the measures required" (*Daily Telegraph*). The *Evening News* is perhaps the most bitter in its reaction. "Parliament will fail in its duty if it does not probe this new inglorious failure to its source. . . . There are few people, very few, who delude themselves today that we are winning the war or that we have any apparent prospect of winning it in our present form."

Political Repercussions in London

As to the political consequences of the defeat in England, there is a unanimous demand by the London press for an immediate investigation with the disposition either expressed or implied to attach much of the blame to Churchill himself. The news indicates that Mr. Churchill has been notified that

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his presence is urgently needed in London and that a group of M. P.'s led by Sir John Wardlaw-Milne (who has heretofore been rather outspoken in his criticism of the government) intends to propose a resolution in the House of Commons "admiring the conduct of British troops but disclaiming all confidence in the military direction of the war." A still later report, however, predicted that not more than 25 or 30 votes could be mustered in the House of Commons in support of a vote of lack of confidence. It is further indicated that Cripps and Eden, Churchill's only possible successors, are both standing loyally in support of him. Latest press reports indicate that Churchill intends to offer a full explanation to the House on his return and then demand a vote of confidence.

Zero Hour at Sevastopol

As the German communiqués each day have reported the capture of new defensive works—without explicit Soviet denial—it has become apparent that the naval fortress of Sevastopol is in dire peril. To the south of the city, however, the Nazis are probably still far from the harbor itself. The line of battle may run from Balaklava north along the Chernaya (or perhaps along the range of hills to the west of the Chernaya) to Inkermann, which is doubtless in German hands. In the sector south and west of Sevastopol, the Nazi troops are apparently attempting the capture of "a dominating height"—identified by one press report as Mt. Sapoun. The Russians for their part, according to reports from Bern, have landed marine detachments on the southern Crimean coast in the rear of the besieging forces.

North of the city, the Germans have announced the reduction of all the Soviet forts along the Severnaia Bight. Despite some doubt as to the exact whereabouts of the Stalin,

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Gorki, and Molotov forts claimed by the Germans, the Soviet admission that a "wedge" had been driven into their lines gives an indication of the perilous situation in this sector. It seems likely that the attacking troops—identified by the Russians as at least five German and two Rumanian divisions—will soon be in control of the whole northern shore of Sevastopol harbor.

After Sevastopol What?

The imminent fall of Sevastopol, coupled with the capture of Tobruk, has occasioned renewed speculation on the possibilities of coordinated Axis offensives in the Near East and southern Russia. Specifically, the German successes in the Crimea have drawn attention once again to the possibilities of an all-out offensive from the Ukraine to the Caspian Sea. From Stockholm, for instance, comes the report (ostensibly from a Swedish general staff source) that Hitler has transferred his GHQ train to the vicinity of Kiev—with the implication that a big push in southern Russia is not far off.

Other commentators, in view of the fact that the Fuehrer has let June 22 pass without any dramatic announcement of a large scale offensive, point out that there may never be a general attack launched with press and radio fanfare. In the opinion of an American military observer, the Nazi seizure of the Kerch peninsula, the counter-attack around Kharkov, and the assault on Sevastopol may be preparatory actions which can merge imperceptibly into two wide-sweeping offensives—one from the Kharkov sector and one from the Kerch peninsula—directed toward the Volga. The German general staff, this observer points out, may have no cut-and-dried plan, but may simply be intending to take advantage of strategic opportunities as they arise—with the ultimate aim of denying the Grozny and Maikop oil fields to

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the Russian armies, of cutting the railway and pipe line which carry Baku oil north, of seizing the naval base of Novorossiisk and the oil pipe line terminus at Tuapsi, and of separating the Soviet forces guarding the Caucasus from the bulk of the Russian army.

The Political Front

In the face of the menace to Sevastopol President Kalinin has sounded an optimistic note and declared that the German army is no longer capable of a general attack along the whole front and can hope only for local successes. In soberer vein, Ambassador Litvinov has renewed his plea for a second front—bluntly pointing out that “when the initiative was in the hands of the Red Army, when the German troops were weakened and demoralized . . . this moment was allowed to slip”. Finally, in a long but singularly noncommittal address before the Supreme Soviet of the U. S. S. R., Foreign Minister Molotov has presented for ratification the Anglo-Soviet treaty and the lend-lease agreement with the United States.

Despatches from Kuibyshev suggest that the Russian press reception of the two agreements has been unprecedentedly warm—with emphasis on the yet untried war potential of the United States, and an implicit assumption that the Allies will establish a second front in 1942. Furthermore, Foreign Minister Molotov, according to a British observer, has been “a new man” since his return from London and Washington. Molotov’s trip has apparently opened his eyes to the friendly sentiments of his Allies and has done much to dispel the distrust of foreigners that diplomatic isolation and a lack of foreign travel have created in Soviet high places. Similarly, our observer asserts, the Red Army has inaugurated a new policy of keeping British military representatives in Russia informed on current operations.

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The Finns meanwhile are reported from Helsinki as inexpressibly relieved that the coincidence of Molotov’s visit to America and Hitler’s trip to Finland has not caused a crisis in Finnish relations with the United States. The Finns’ first reaction was one of dismay at the vague wording of Russia’s renunciation of territorial ambitions in her treaty with Britain. Yet on second thought many Finns appear grateful to the United States for what they regard as a last-minute intervention in their favor. As for Britain, however, the Finns still regard with suspicion a nation which they believe would be willing to sacrifice Finland to the strategic necessities of her Russian ally.

Murmansk Again

So far as military operations are concerned, the Finns—although deeply gratified by Hitler’s surprise visit and the tribute paid by him to Marshal Mannerheim and the Finnish army in general—continue to protest that they will take no offensive action this summer. According to a source ostensibly close to the Finnish general staff (and hence under the suspicion of being Nazi-inspired), the Germans themselves prefer that Finland should concentrate on maintaining her tottering economy this summer rather than that she should engage in exhausting military operations. Nor will the Nazi troops in northern Finland (in view of their inexperience in forest warfare) attempt an attack on the Murmansk railroad; they are simply standing guard against an Anglo-American invasion. In the opinion of many Germans, our observer concludes, the best way to cut the northern supply route to Russia would be by an attack from south of Leningrad straight east to Vologda—thereby interdicting the railway from Archangel to Moscow.

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Laval Calls for a German Victory.

Following recent Nazi military successes, Laval has now expressed publicly his hope of German victory and has called on French skilled labor to volunteer for work in the Reich. In two recent speeches, in which he claimed to be speaking for Pétain as well, Laval is reported to have said that France was wrong to have made war, and wrong not to have organized a peace of understanding following the armistice. He held out to French labor the prospects of good working conditions, of helping the fight against Bolshevism, of freeing French prisoners. It appears that many strings are still attached to the latter hope, however, and if healthy prisoners are freed, it may only be for a short leave after which they will return to Germany as "free workers". If there is a real exchange, Germany will get men skilled in metallurgical trades, while sending back the sick and despondent and perhaps some agricultural labor. The return of farm labor would be in accord with the German policy of reducing the rest of Europe to agricultural dependencies of an industrialized Reich.

On top of these pro-German utterances, it is reported that Vichy has secured Nazi permission to recruit a division for the "protection" of France, to manufacture 100 tanks over an extended period, and to produce munitions for Dakar. Darlan is also said to have ordered the removal of arms to Senegal, to keep them out of pro-Ally French hands. From Martinique come reports of continued vacillation in the fulfillment of obligations contracted by the local and Vichy officials.

French and Spanish Moroccan Preparations

In French Morocco, where the Nazis are said to be directing defensive preparations, the press has taken a consistently

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more pro-Axis line since the return of Laval. Next door in the Spanish zone there are indications of Spanish preparations for some possible future action against French Morocco, despite General Orgaz's repeated professions of wanting only peace and neutrality. There is said to be no reason to expect any rash step at once, but future plans may well be influenced by the war in Egypt, and by Suñer's current visit to Italy, during which he is seeing both Mussolini and the Pope. There is also a persistent but unconfirmed rumor indicating the existence of a German-Spanish accord by which Spain would be obliged to oppose to the limit an Allied attack on North Africa.

De Gaullist Suspicions

While Nazi influence is growing in Vichy and in Morocco, there are reports of continued bickerings and suspicions in the de Gaullist camp. Chagrined by his apparent isolation from the United Nations' solution of the problem of Madagascar and Martinique, General de Gaulle has warned his headquarters at Brazzaville, of possible future moves by the Allies against parts of the French empire, and was reported to be only partially appeased by British assurances. Meanwhile, the gallant stand of Free French troops at Bir Hacheim has apparently forced Vichy to adopt a more lenient attitude towards Free French soldiers, while contrasting their courage with the "desertion of these Frenchmen by the British" and the "cowardly action" of the de Gaullist leaders.

Statistical Footnote to the British Air Offensive

After the month's impressive beginnings at Cologne and Essen, the British air offensive—an experiment of some moment in the affairs of the United Nations—has proceeded

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on a less spectacular plane. A statistical analysis by the Economics Division of the Office of Strategic Services yields some results of interest on the day-to-day bombings over a period of months, with some comparisons as well with the mass attacks.

For one thing, there is no reason to believe—as is popularly supposed—that the number of planes lost is proportionately less as the scale of operations increases. In night bomber operations for the period March 1 to June 7, the losses averaged about 4 percent, with considerable individual variations but with no indication that large scale attacks were any less costly in the percentage of casualties than small scale operations. The most important factors determining variations were weather, distance, and the opposition encountered. There was no correlation between the number of planes on a mission and their ability to locate the primary target. An average of about 72 percent of the planes despatched reached the target, and here again weather was undoubtedly the most important factor.

In the Cologne and Essen raids more than 1,000 aircraft were used each night, but for the period March 1 to May 24, the average was 147 per night of bomber activity. The ratio of high explosives to incendiary bombs dropped varied widely in different raids, although statistical analysis confirms previous reports that the Cologne-Essen raids were unusual in this respect. For the whole period, the ratio between incendiaries and high explosives was roughly 1 to 2. At Cologne the ratio was about 2 to 1, and at Essen, 1 to 1.

Continuing Preparations in Manchuria

Although the Far East has become—momentarily at least—a relatively quiet theater of the war, there is no lack of evidence of preparation for renewed action. Reports now

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indicate that the Japanese have despatched to Manchuria during the past month three divisions from Japan and two from North China. Of the numerous reserve units in Japan, six divisions are now ready for combat, but ten more will be fully trained by the beginning of August.

On the occasion of "informal wars" with the Russians during the past decade, the Japanese were so badly beaten that some observers believe that they will not dare to attack until they attain a numerical superiority of two to one. Although their superiority in numbers and in quality of units is already substantial, they are still far from reaching the above ratio. The weather is more favorable to military operations toward the end of the summer—a further incentive to postponement of the campaign, which military observers quite generally believe will begin some time this summer.

Some observers believe that Japan may want to have 2,000 operational planes available before precipitating war with Russia. The Japanese have made notable shifts of planes to Manchuria and Japan from the south in recent weeks. The Japanese have concentrated ground forces in Manchuria primarily opposite the Maritime Province (chiefly against Vladivostok) and secondarily in the region south of Khabarovsk. Forces on the northern and western frontiers of Manchuria are believed to be very light.

The Japanese in the Aleutians

The object of the Japanese in occupying the westernmost of the Aleutian Islands is not yet clear, but may be more far-reaching than merely to screen an attack on Siberia. Some observers believe that the Japanese may plan to occupy the Aleutians one after another in small hops with the help of land-based and carrier-based fighter planes. Finally, by occupying Dutch Harbor, they could seriously threaten Alaska

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and its communications. In this connection, it is reported that the Japanese are already preparing a field for land-based fighter planes on the island of Kiska. The distance from Kiska to Dutch Harbor is about 700 miles.

It has also been suggested that as a secondary motive in occupying the western Aleutians, the Japanese may seek to protect the vital Japanese fishing grounds off the eastern shore of the Kamchatka peninsula.

Checkmate in China

Japanese operations in China have declined notably in intensity, and the Chinese themselves are claiming the principal successes. The Japanese drives east from Nanchang and west from Chekiang have still to close the pincers on the 46-mile gap along the Chekiang-Kiangsi railway between Kuei-chi and Shang-jao. Chinese guerrillas are harassing Japanese communication lines both in Chekiang and Kiangsi.

Although the influential Chungking newspaper, *Ta Kung Pao*, has virtually conceded the loss of Chekiang and east Kiangsi, it has called on the army to hold firm on a new north-south line through Nanchang in Kiangsi, 300 miles from the coast. The loss of Chekiang alone may have very serious implications for the Chinese economy, since it is the source of much of the salt consumed in the interior provinces of Anhwei, Hunan, and Kiangsi itself (see Appendix II). Further incursions westward toward Hunan, according to *Ta Kung Pao*, would seriously endanger important sources of national defense minerals.

Skirmishes have continued in Hupeh, Honan, and Kwangtung, with no further news of important action either in Yunnan or at Pao-t'ou in Suiyuan. Monsoon rains in Yunnan are reported to have become torrential. At Chung-

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king, Dr. T. F. Tsiang, American educated minister without portfolio and former ambassador to Russia, said that there still is no indication of an "all-out knock-out blow against China."

Deadlock on Supplies Via Russia

Russian desires to avoid offending Japan are cited by the Chinese counsellor at Kuibyshev as one reason for a current deadlock in negotiations to supply the Chinese over routes from Russia. The Russians, according to this source, refuse to give China gasoline in exchange for tin until China fulfills earlier promises to send wolfram and tin to the Soviets. The Chinese maintain that the original agreement was made with sea transport in view, and now nothing can be done about shipment until gasoline and spare parts are received. The Russians nevertheless have indicated their desire to continue the discussions, it is said.

Chinese Leadership in Post-War Asia

Chinese self-confidence, which mounted discernibly with the fall of Singapore and has apparently increased with each new adversity of the colonial powers in the Far East, now is beginning to project itself into the future. Sun Fo, president of the Legislative Yuan, who frequently is allowed to express opinions which correspond with the general trend of Chinese thinking but are too delicate for more "official" statement, has declared that India, Burma, and Indochina will all be free when the war is over. Wu T'ieh-ch'eng, secretary-general of the Kuomintang, has expressed the same sentiments about Burma. Both statements, according to a highly placed American observer at Chungking, reflect the attitude of many Chinese leaders, now certain that their country will lead Asia after the war.

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These indications of Chinese leadership to counter the imperialistic designs of Japan are neither new nor illogical in the light of Chinese history. Prior to the modern period there were under the Chinese Empire two chief patterns of relationship between Chinese and non-Chinese territories. The first, no different from other colonial imperialisms, consisted of direct political control and economic exploitation. Turkestan, some parts of Mongolia, and even those sections of China's western provinces which were inhabited by the various non-Chinese tribes-people, are instances. The second general relationship was that of suzerain and tributary. It consisted of the Chinese emperor's claim to suzerainty over lesser states on China's periphery, based largely on the position of China as the center of culture and acknowledged by the sending of tribute in connection with trade. Korea, Liu-ch'iu (Ryukyu), Annam, Siam, Burma, Laos, and Sulu were all in the official lists of tributaries of the Manchu dynasty.

Persistence of the "Imperialist" Tradition

These historical relationships have not been forgotten in modern China and have undoubtedly impeded China's entry into the western comity of equal states. Chinese maps of Asia—especially school textbook maps—often include brief explanations of the date when territory of some former colonial appendage was ceded to a foreign power or when some former tributary was "lost" by foreign occupation. The Chinese are politically as much aware of these historical relationships as they are of Manchuria or the treaty port "concessions". Ties between China and its former tributaries in fact have been strengthened in the nineteenth and twentieth centuries by Chinese emigration.

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This does not mean that the Chinese necessarily think in terms of establishing direct political control over their neighbors, according to competent observers. Chinese territorial designs are largely disclaimed, unofficially as well as officially. The Chinese see themselves rather as the "natural" future leaders in Eastern Asia, by reason of their historic culture, size, population, and geographical position.

Gandhi Writes to Chiang Kai-shek

In a letter to Generalissimo Chiang Kai-shek, Mahatma Gandhi has given a clear-cut formulation of the policy which he has gradually been maturing ever since the breakdown of the Cripps mission. The Mahatma makes the following assertions: First, he has no intention of impeding the Chinese or Indian war effort, or of abetting Japanese aggression. Second, he will do all in his power to avoid an open conflict with the British Raj, but if, in the interests of Indian independence, such a struggle becomes absolutely unavoidable, he is ready to run any risks. Third, if his country first achieves independence, a Free India will then welcome the troops of Allied nations who may desire to use southern Asia as their base of operations.

In the opinion of Shen, the Chinese high commissioner to India, the letter is nothing but a "statement of appeasement." On the other hand, Gandhi himself implies that his words may be intended as a safety valve for pent-up Indian emotions. Other observers see in them a plea for aid directed at China and the United States, or an eleventh-hour warning to the British.

The last interpretation would appear to be the most logical. According to Pandit Nehru, the majority of the Congress leaders, including himself, agree with Gandhi in demanding immediate independence for India, and following on that

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(but only after independence has become a reality) an alliance with the United Nations and an all-out military and industrial effort.

With Congress local leaders already on the alert, advices from New Delhi suggest that a meeting of the Working Committee of the Congress is scheduled for July 4. This meeting may well decide on a series of general strikes to start about the middle of July. It is believed likely that these strikes will take the form of *hartals*, involving a general shutdown of business. In the past *hartals* have often been accompanied by serious disorders. The aim of the strikes, our observers conclude, will be to raise the prestige of the Congress at the expense of Rajagopalachariar and the moderates, and to mobilize the laboring populations of India behind Gandhi's unwavering demand for immediate independence.

The Threat of Civil Disobedience

A close observer of the Indian scene points out that a concerted campaign of civil disobedience at the present time would create general confusion—crippling the Imperial field armies and facilitating Japanese aggression. The campaign might aim at boycotting courts and government-aided schools—in fact all government services—and at picketing shops selling British-made goods. Congress leaders might call for a walkout of the employees of the Indian railways, telegraphs, posts, banks, industrial plants, and all other organizations giving support to the British war effort. Meanwhile the Japanese would be sure to intensify their propaganda and to send *agents provocateurs* to create dissension between Hindus and Moslems and to provoke violent action by Imperial troops against mass civil disobedience groups. Fifth columnists, such as the followers of the Boses and others probably associated with the Axis-sponsored India convention now

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being held in Bangkok, would no doubt try to take full advantage of the situation.

It is not certain that Gandhi will be able to induce the Congress to adopt a program of mass civil disobedience. But it is not impossible that the Mahatma, following his practice in more or less analogous circumstances in the past, might engage upon a "fast to death" to compel recalcitrant Congress members to his will. If the one fasting dies in such circumstances, Hindus believe that the guilt falls upon the person whose injustice led the injured person to undertake the fast. In the past, such a fast by Gandhi has always stirred India profoundly and has always been successful. It might very well be successful now.

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APPENDIX I

OIL IN THE EASTERN HEMISPHERE

The great petroleum producing regions of the world lie in the Western Hemisphere. The fields of the Eastern Hemisphere produce less than a quarter of the world's annual supply, and almost all of this comes from Russia and Asia. There, too, production is concentrated in two principal areas—in the Caucasus-Iraq-Iran triangle and in the Netherlands Indies (see map).

PETROLEUM PRODUCTION IN 1941

	Million barrels	Percent of total
Western Hemisphere.....	1,762	78
United States.....	1,404	62
Venezuela.....	223	10
Other countries.....	135	6
Eastern Hemisphere.....	488	22
Soviet Union.....	242	11
Near and Middle East.....	111	5
Greater Japan.....	79	3.5
Greater Germany.....	54	2.5
India.....	2	.....
World total.....	2,250	100

Possible Conquests by Germany

In the oil picture, the Caucasus-Iraq-Iran triangle is the center of current strategic interest. The loss of Caucasian oil would drastically limit the Russian war effort. The loss of Iran and Iraq would deal a heavy blow to the war effort of the United Nations. Potent reasons, therefore, impel the Germans to a conquest of this area. What the Nazis will actually elect to do is of course a matter of speculation. But both Rommel's sweep to the borders of Egypt and the impending reduction of Sevastopol have improved the German position for a possible conquest of the oil of the Near and Middle East.

The journalists have fastened our attention on the other side of this picture: the German need for oil. It is true that the acquisition of the natural oil from those fields would lift a significant strain from the German economy, occasioned by the severe civilian rationing and by the present production of synthetic and substitute fuels. But a recent and careful analysis of the German oil position

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reveals that Germany is already able to achieve a somewhat precarious balance between absolutely essential requirements and available supplies (*The War This Week*, May 21-28, p. 19-20).

Effect on the United Nations

German conquest of this area would deprive the Allies of virtually all of their remaining convenient and safe sources of oil for supplying the military theaters in Russia, the Indian Ocean and large parts of Africa. American production alone would be ample in quantity for all essential needs of the United Nations, but the supply routes are long and dangerous. Moreover, exclusive dependence on American oil would mean the diversion of tankers from other important duties, and the creation of new burdens for the convoy system.

Could Germany Exploit Her Conquest?

Germany's ability to realize in the near future on the Caucasian and Near Eastern fields, if captured, is open to question. Demolition could wreck the refineries and render the fields unusable for a considerable period, and the Russians are said to have made preparations for such demolition. The Germans could of course rehabilitate demolished wells, by re-drilling if necessary, but such an operation would take time and entail considerable economic effort.

So far as refineries are concerned, Axis Europe has a sufficient capacity for its needs, provided its plants are spared by air raids. Germany has removed cracking equipment from plants in Occupied France to distant points in Germany and has excess refining capacity in Rumania awaiting Russian oil.

Transport would offer special difficulties. Unless the Axis could impress into service French tankers, it would not have sufficient tanker tonnage in the Mediterranean to ship Russian oil across the Black Sea and meet its essential commercial and military requirements in that theater. In Northern Europe, Germany has a large number of idle tankers. But since the last attempt in the summer of 1941, which ended disastrously, the Germans have ceased sending tankers through the Straits of Dover.

Importance of Iran

If the Axis were successful in pushing its conquests as far as Iran, it would deprive the United Nations of one of the richest known oil fields and one of the world's largest refineries at Abadan, with storage capacity for 800,000 metric tons. From this area comes excellent aviation gasoline, of great value to Allied forces in the Near and Middle East. This refinery alone could supply Allied needs in those areas, and, with adequate rolling stock on the Trans-Iranian railroad, might be of some use to Russia.

Although Iran dominates the Near and Middle East both in the recovery and refining of petroleum, civilian consumption is low and all the fields, except in Egypt, have a relatively large exportable surplus. The Iraq field serves Palestine, with a large refinery at Haifa, and also Syria. Most Arabian petroleum goes to Bahrain Island for refining.

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NEAR AND MIDDLE EAST PETROLEUM DATA FOR 1940
[In thousands of metric tons]

Country	Crude production	Refinery capacity (Jan. 1, 1941)		Civilian consumption	Surplus crude
		Crude	Cracking		
Iran.....	10,530	16,000	7,500	1,565	8,965
Iraq.....	3,440	195	0	435	-----
Palestine.....	0	1,950	975	231	-----
Syria.....	0	0	0	99	-----
Total.....	3,440	2,145	975	765	2,675
Bahrein Is.....	957	1,620	600	102	855
Saudi Arabia.....	722	0	0	47	675
Total.....	1,679	1,620	600	149	1,530
Egypt.....	823	823	197	817	6
Grand total.....	16,472	20,588	9,272	3,296	13,176

Note applicable to peace time: Turkey has no production or refineries, covers its limited requirements across the Black Sea from Russia. Syria receives half the Iraq production by pipe-line for reexport. Some crude from Saudi Arabia goes to Iran for refining. Transport to refineries not served by pipe-lines, i. e., by boat, are: Saudi Arabian crude from port at Ras Tanura to Bahrein Island or Iran, Egyptian crude about 200 miles on Red Sea to Suez, and reexport of crude from Syria.

Japan's Exploitation of Her Conquests

In the Far East, the Japanese have already occupied all important oil fields. These conquests provide Japan with productive capacity adequate to meet her requirements. Her estimated consumption in 1940 was 35 to 40 million barrels, whereas the potential productive capacity of controlled fields and synthetic plants is about 80 million.

Competent observers believe that Japan can rehabilitate enough of the captured wells to fill her needs before the exhaustion of her stocks (of unknown size). Anticipating demolition, she assembled drilling and repair equipment in Hainan before precipitating war. A high official of Dutch Shell believes that demolition was thorough in the Netherlands Indies fields of Tarakan, Balikpapan, Palembang, Brandan, and Tjepoe, which together account for about three-fourths of the petroleum. Other reports, however, indicate that the largest refinery, in the Palembang area, was not demolished. Moreover, the oil of Tarakan is of such quality that it can be used for fuel directly without refining.

Japan should experience no shipping difficulties for oil in the near future. Her economy is geared to the importation of large amounts of crude in a modern

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fleet of some 60 tankers, most of which are capable of making 19 knots. Such fast ships are difficult for submarines to stalk, and few of them have been destroyed. Furthermore, much oil from the captured fields can be used on the spot without being shipped to other theaters or to Japan for refining.

Unconquered Far Eastern Fields

A few small fields remain unconquered in the Far East. India has two, which are not sufficient to meet her own peacetime requirements. Australia has small refineries but no fields. China has a field in the northwest province of Kansu, which this year will produce only about 250,000 barrels of crude. To expand this field, China was importing 3000 tons of drilling and refining equipment through Burma, of which the Japanese captured more than a third. Finally, Siberia has a vulnerable field of poor grade in the Russian half of Sakhalin Island, which ships oil in barges up the Amur river principally to a small refinery at Khabarovsk, whose annual capacity of only about one and a half million barrels of crude is still sufficient to handle the entire Sakhalin output.

Introduction to the map

The map shows for the Near and Far East in 1941 the production of crude oil and refinery capacities for both straight run of crude oil and for cracking. With a crude of average grade, the straight run process recovers from 20 to 30 percent of gasoline, and by cracking the recovery can be increased to 40 or 50 percent.

Japan, not shown on the map, has a substantial daily refining capacity of between 65,000 and 80,000 barrels (about 25 to 30 million per year) although its largest refinery handles considerably less than ten thousand a day. Its annual production of crude oil, however, is only about three million barrels, supplemented by about a million barrels of synthetic fuel.

APPENDIX II

SALT AND SMUGGLING IN CHINA'S ECONOMY

An air-tight blockade of the Chinese coastal area which the Japanese are now attempting to conquer might break resistance and morale in the provinces of central China within three months, according to a memorandum of the Far Eastern Section of the Office of Strategic Services. Nothing in the history of Japanese occupation in China, however, would suggest that the Japanese military might now be willing to forego the illicit profits they gain by lax enforcement; and aside from graft, there are also the substantial physical difficulties involved in thoroughgoing administrative control. Officials at Tokyo nevertheless must certainly be aware of the immediate advantages of such a blockade. The Chekiang drive in any case is to be viewed not merely as a campaign to forestall the bombing of Japanese cities; it has also "economic-strategic" implications of very considerable importance.

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In the Chekiang region, salt is a factor of prime importance. Most of China's salt is produced by solar evaporation of sea water along the seaboard—wherever there are tidal flats. Chekiang is the chief source for the provinces of Anhwei, Kiangsi, and Hunan. The only inland sources are three brine-well areas in Szechwan, the salt mines in Yunnan, and salt lakes in Shansi, Shensi, and far to the west in Kansu. Production of Szechwan salt now costs about CNC \$100 a picul (about 110 pounds), compared with CNC \$15 for solar-evaporated salt (pre-war comparative costs were about CNC \$2.50 and CNC \$0.50, respectively). Szechwan produces only enough for western China. Overland transportation costs are prohibitive, due to the shortage of gasoline, oil, and spare parts. The Japanese control river transport to or from the upper Yangtze by holding Ichang (which thus becomes one of the most important strategic centers in China). If the Japanese should reduce both Chekiang and Kwangtung, and should strictly enforce the Yangtze blockade, Kiangsi and Hunan provinces would suffer a severe salt famine within two months.

Importance of Salt in the Chinese Economy

Few foreigners understand the basic and vital importance of salt in the Chinese economy. The welfare of the rural population depends in large part on the availability of salt at reasonable prices for use in curing pork, fish, and vegetables in season, and the manufacture of soybean and other universally used food sauces. The estimated annual requirements per capita are ten pounds, although since 1940 provinces far removed from sources have been rationed at six pounds per capita (small additional amounts have been secured by black-market purchases). In general, the poorer the population, the greater the demand. No province of China lacking its own sources of salt now has more than a 60 days' supply, and some have reserves for less than a month.

Both production and transportation of salt have been under government supervision for 2,500 years, with actual production and distribution largely controlled by private enterprise. The present emergency—through inflation—so reduced the purchasing power of merchants' capital that private resources were inadequate. With transportation also disorganized, the government proclaimed a state monopoly of salt on January 1, 1942. Even before this, however, the government was closely identified with, and held responsible for, the supply of salt to the people, in return for the collection of the salt tax. This has meant that not only public welfare but public confidence in the government have varied directly with the supply of salt. When salt was adulterated or scarce political unrest normally followed.

Smuggling in China

Only the continued venality of the Japanese military in China can ease the shortages of salt and other necessities. This means that China's "muck and truck" trade in smuggled goods has now assumed a vital role in her economy. The trade has indeed become increasingly important with each new extension of Japanese authority over Chinese territory and communications. Observers at Chungking estimate that manufactured consumers goods valued at roughly US

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\$120,000,000 were smuggled into Free China from or through Occupied China in 1940, and the figure was probably larger in 1941. This year, with Free China virtually isolated by land and sea from her Allies, with prices soaring and with all consumption goods (including salt) becoming critically scarce, friends of the Chinese—and Chungking as well—are hoping that illicit trade can be still further enlarged.

The chief imports in the "muck and truck" trade, as usually defined, are cotton yarns and piece goods, cotton knitted wear, dyes, pins, needles, and soap. But in the past that trade has included cars, trucks, tires, tools, gasoline and oils, and in the future it will doubtless include salt. Chungking authorities quite naturally have viewed these proceedings with mixed feelings, attempting not to halt the trade so much as to control it. Even now, when the illicit trade presumably will be almost wholly with the Japanese themselves, Chungking will probably make no serious effort to halt it, even though the official attitude calls for a boycott of Japan.

The Machinery of Smuggling

Smuggling is largely managed by graft. There are, for example, lively exchange centers at Wan-hsien and Pa-tung on the upper middle Yangtze river. Chinese hotels there have secret "travel agents" who for a fee undertake to pass travelers through the Japanese lines and deliver them safely at Hankow. Japanese-held Pao-t'ou in communist northwest China is another exchange center, where the wool, hides, and skins produced in Kansu and Shensi Provinces can reach the Japanese, in exchange for badly needed medical supplies, cotton yarn, and piece goods.

Profits are large, and with neither the provincial governments nor the central government at Chungking apparently able to limit prices, they will no doubt grow larger. Much will depend upon Japanese army morale. If, as the jibe runs, the Japanese military resented the Burma road primarily because they lost the "squeeze" on the traffic, their objectives in Chekiang and Kwangtung become more than plain. From Kwangtung's three foreign ports alone (British Hongkong, Portuguese Macao, and French Kwangchow) the 1941 monthly average of goods smuggled through the Japanese blockade is estimated to have been about 20,000 tons—more than twice the amount shipped over the Burma road. In one month imports of some 60,000 tons were reported. With its 800-mile coastline and three foreign ports, Kwangtung offered an ideal situation for smuggling foreign manufactures into China.

Advantages for Japan

Now, however, the Japanese have not only the incentive of graft, but they can dominate the trade themselves. Wolfram, formerly flown to Hongkong from Nan-hsiung for export to the United States, may now be collected by puppet agents and delivered through the blockade to Japanese merchants at Canton or Hongkong. Kwangsi, Hunan, Kwangtung, and Kiangsi all have valuable mineral exports which may find their way to Japan—not altogether to the advantage of

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the Allies, but presumably necessary for the moment, if China is to avoid critical internal economic difficulties.

Were this not the case, or should the Japanese themselves suddenly decide to forego both graft and materials, the situation with regard at least to salt might not be long in coming to a crisis. Other "muck and truck" goods might be sacrificed, but Chungking itself underlined the strategic significance of salt, when in 1934-35 it instituted a salt blockade against the communist area in Kiangsi province. Resistance which had been maintained against military pressure for several years was brought to an end in the course of months.

APPENDIX III

DECLINE OF THE JAPANESE MERCHANT MARINE

In the Battle of the Sea Lanes the Japanese have lost well over 100,000 gross tons of merchant shipping a month (net average) since the outbreak of the war, according to a reliable current estimate. With the lull in operations in the southwest Pacific, the Japanese have about 1,065,000 gross tons available on June 1 for fresh operations. The present rate of losses, however, would consume that surplus in about one year and leave the Japanese in a distinctly taut position so far as a further large scale offensive in any distant area were concerned.

The Japanese lost about 850,000 tons up to June 1, compared with 510,000 as of March 1—an average of more than 140,000 tons per month for the whole period, 113,000 per month for the less active period since March 1. New construction yields an average of only about 25,000 tons a month.

Japan's total tonnage (ships of more than 1,000 tons gross) is 6,165,000 tons, of which 3,000,000 are used in the economic supply of Japan and her troops in China and Manchuria, 400,000 tons are absorbed in naval auxiliaries, 700,000 tons are under repair or otherwise laid up, and 100,000 tons are unusable types or devoted to domestic service, according to the same estimate. In addition, the supply of Japanese troops holding conquered areas in the southwest Pacific requires 900,000 tons of shipping.

An earlier estimate, in March, had forecast a Japanese surplus of 1,500,000 gross tons after completion of operations in the Indies. This estimate, however, was made on the basis of a generous analysis of Japanese ability to utilize shipping space, allowing them only 700,000 tons to supply conquered areas in the southwest Pacific. It now appears that 200,000 additional tons are needed for that purpose. War losses and normal marine casualties (roughly 878,000 tons) are no longer offset by estimated gains through new construction and ships captured at the outset of the war (about 675,000 tons), cutting the total available by another 200,000 tons. These changes, plus some others of less importance, reduced by nearly one-third the original estimate of surplus tonnage which should now be available to the Japanese.

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APPENDIX IV

THE VISIT OF KING GEORGE OF GREECE IN RETROSPECT

While America was hailing King George II as the symbol of Greek resistance, it appears that among his people at home there is widespread hostility to his return to the throne. According to one seasoned observer, the King is popularly associated with reactionary elements in Greece, and is considered to have deserted his people in their hour of supreme suffering.

Succeeding to the crown in 1922 as the eldest son of King Constantine, King George remained in Greece until a revolt in 1923 forced his abdication. He spent most of his exile in England. Following the political turmoil in Greece in the early thirties, there was considerable sentiment for a restoration and, after a coup d'état and referendum, which some suspect was "fixed," the King was recalled to the throne in 1935.

King George has never been a powerful monarch. On August 4, 1936, he allowed the dictator, John Metaxas, to assume control of the Government and he issued decrees dissolving Parliament and suspending constitutional guarantees. There is evidence that his tolerance of the dictatorship and his flight from Greece at the time of the German occupation have caused him to lose whatever popularity and affection he may have had among the people in Greece.

Since his flight from Greece and Crete in the spring of 1941, the King and his cabinet went from Egypt to South Africa, and finally established headquarters in London. The British supported his government-in-exile in spite of the fact that there was continued resentment in Greece against all connected with that regime. Gradually the unpopular Metaxas group has been purged and Professor Kanellopoulos, known as a rising liberal, exiled by Metaxas, has recently been appointed vice premier. This move, and a personal appearance of the King, were apparently successful in winning back the loyalty of the Greek armed forces being reconstituted in Egypt and Palestine.

The Greek language groups in America arranged to present a united front in presenting the King as a symbol of Greek sufferings, in the hope that he might be able to secure some tangible benefit for the homeland from all his conferences here. With only a few lapses the liberal, pro-Venizelos press and the pro-royalist factions have avoided political controversy. It should also be noted that Greco-Americans are more cordial to the King, probably because they have not had to live for six years under the system of government of which he was the nominal head.

It would be a mistake, however, our observer feels, to follow Pathé News in presenting the King as a beloved monarch who will return to his people after the war. The best evidence from Greece is that the King is not beloved by his people and that he will return to Greece to rule only if some foreign power carries through the restoration by force. This is what many Greeks in Greece fear, despite assurances from Premier Tsouderos that the sovereign people will be consulted. Unless he has secured real aid for his country, it is doubtful that the King has strengthened his position to any great extent by his visit here, and his adherence to the four freedoms is viewed with skepticism by those who know the record.

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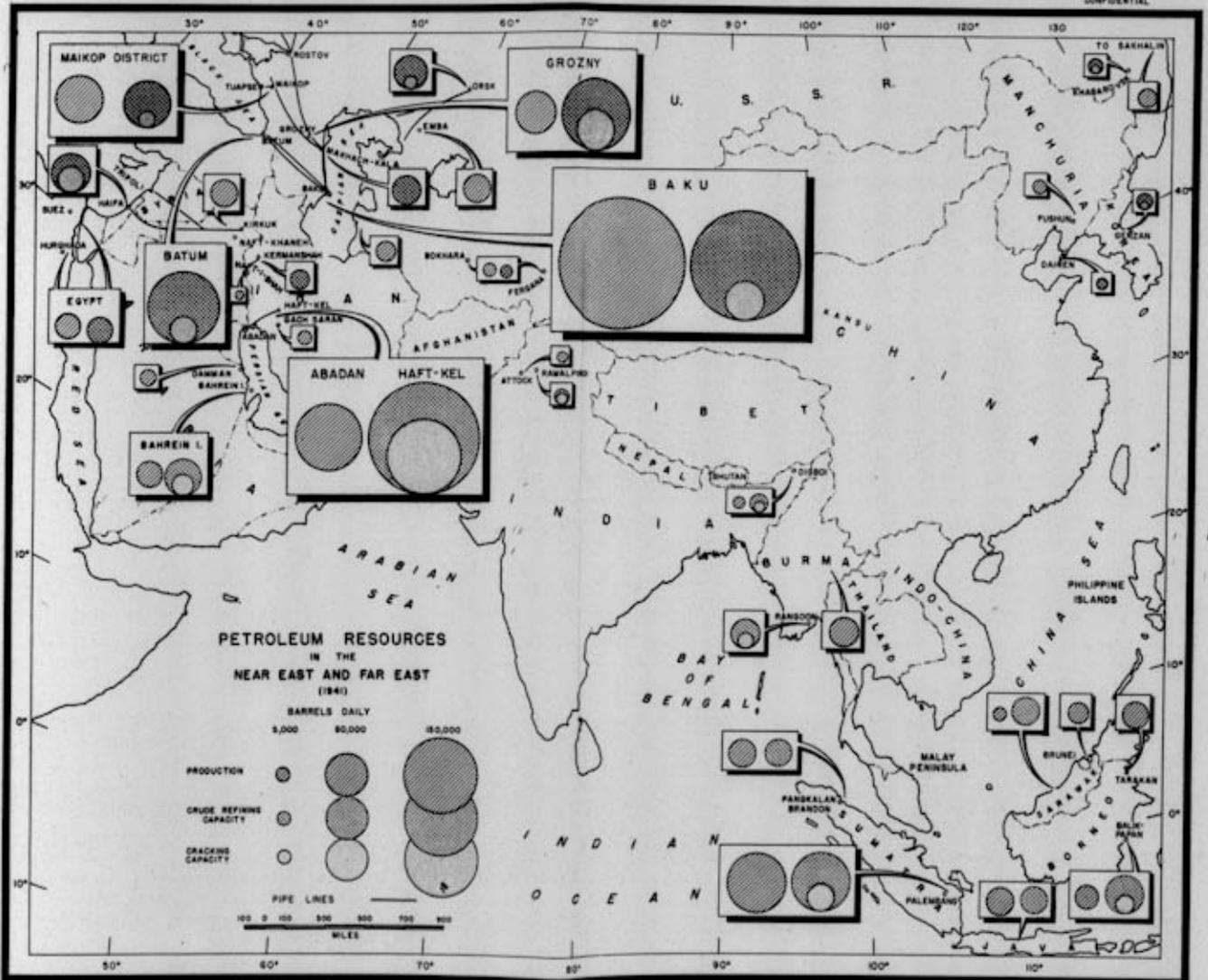
APPENDIX V

SERBS AND CROATS HERE AND ABROAD

The visit of King Peter of Yugoslavia has come in the midst of an intensifying conflict among the racial elements which compose the Yugoslavian Kingdom and are represented also in the population of the United States. In the United States Serbs, Croats and Slovenes supply important numbers of workers in defense industry, and the ill feeling which has recently been engendered among them is feared to have had some adverse effect upon the war effort.

The difficulty began with recriminations which arose almost inevitably between Serbs and Croats after the swift military collapse of their common country. Croats were denounced by Serbs as traitors, and agonizing stories were spread of atrocities perpetrated by pro-Axis Croatian irregulars. The Serbian agitation, developing into a campaign for a Greater Serbia after the war instead of a federated Yugoslavia, came to a high point in the *Amerikanski Srbobran*, a newspaper published in Pittsburgh.

The Government of Yugoslavia is represented in the United States not only by its diplomatic envoy, Constantin Fotich, but by no less than six ministers of state, of whom three have considerable political importance. Two of these three are Croats and the third a Slovene. These three assert outspokenly their belief that the Serbian anti-Croat agitation stems from the Yugoslav legation in Washington and from the Yugoslav ministry of foreign affairs in London. The Foreign Minister, Ninchich, is said by them to represent all that was worst in the old Yugoslavia; they allege that Minister Fotich in Washington is his faithful servant; and do not hesitate to point out that Mr. Fotich is related by blood to the Serbian Quisling, Nedich, and also to the Croatian Quisling, Ante Pavelich. While the situation in Yugoslavia itself as between Nedich, Pavelich and Mihailovich becomes increasingly tragic and confused, the American scene is disturbed also, in the midst of the King's visit, by disintegration and antagonism among the Americans who have sprung from his multi-racial land.



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OFFICE OF STRATEGIC SERVICES

THE WAR
THIS WEEK

June 25-July 2, 1942

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Joseph W. ...

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June 25-July 2, 1942.

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Office of Strategic Services

THE WAR THIS WEEK

Defying the difficulties of supply and striking with exceptional speed and power, Marshal Rommel has driven nearly 250 miles into Egypt during the past week. On Thursday the Axis forces stood only 60 miles from Alexandria in a campaign which may very soon decide the whole British position in Egypt. The loss of Egypt would vastly intensify the military and political repercussions which have already begun to stir the Mediterranean and Middle Eastern world but whose precise extent and character cannot yet be measured. Already the Axis victory has obviously strengthened the position of Laval, has dealt a serious blow to British prestige in France, and has spread discouragement among Allied sympathizers, from French North Africa to Turkey.

On the Eastern Front, the Germans have finally reduced the fortress of Sevastopol, according to a High Command communiqué. Recent German drives in the Kharkov and Kursk sectors, apparently seeking to free north-south communication lines, are still viewed as preliminary to any large-scale offensive. Meanwhile the Nazis are intensifying their efforts in another direction, and a current estimate of submarine production indicates that they may be in a position nearly to double the size of the Atlantic patrol between April and December of this year, creating a grave potential menace for even a much expanded Allied merchant marine.

In the Far East, the Japanese claim to have completed the conquest of the Chekiang-Kiangsi railroad, but no significant

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changes are reported in the Manchurian-Siberian area. In India the results of the forthcoming meeting of the Congress Working Committee are awaited with anxiety, while fresh differences among the Moslem leadership have appeared.

Finally, recent events indicate that both of the Latin American laggards—Argentina and Chile—are unshaken in their determination to remain neutral.

The Battle for Egypt

Capitalizing on the heavy losses inflicted in Libya on the British Eighth Army, Axis forces struck toward the Nile with a drive that in one week carried them almost 250 miles into Egypt. The next few days will see the crisis in the battle for Egypt.

Rommel's campaign was built around speed and striking power, giving the British as little time as possible to reinforce or organize defenses. He is believed to have about 400 German and Italian tanks in operation, and to be moving his supplies right with him in some 6,000 to 8,000 trucks. The approximate outlines of the campaign are shown on the accompanying map, which is based on the best information available up to July 1.

The general pattern of attack was a three-pronged drive along the coastal strip, apparently with light forces skirting the shore, and with a strong concentration of strength in the center and in a flanking column farther inland, which followed the recently extended railway. These columns swept past the positions in western Egypt from which the British had withdrawn, and on June 27 converged on Matruh which was assaulted and encircled. Although the British may have begun their withdrawal from Matruh early in the battle, it is believed that Axis claims to have captured more than 6,000 prisoners and stores are reasonable.

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Without pausing, Rommel then struck on to the east, and at latest reports had reached the narrowing front between El Alamein and the eastern end of the Qattara depression. Here, about 60 miles west of Alexandria, the British are expected to make their stand along a 40-mile front. The Qattara depression is not believed to be absolutely impassable at this point, though it presents a steep escarpment and at the bottom a "sand marsh" in which mechanized equipment would have difficulty.

British Tactics

Allied forces, now under the personal command of General Auchinleck, have been fighting scattered, delaying actions over a wide area, aiming to whittle down enemy armor and slow enemy thrusts at the least possible cost. Some British mobile units are believed to be operating to the west of the Axis spearhead. Although the present strength of the Eighth Army is a matter of conjecture, it has received reinforcements of New Zealanders and other troops from Syria, tanks from rear depots and repair shops, and American bombers rushed to the Egyptian theater. Allied air forces have concentrated on bombing and strafing enemy dumps and extended lines of supply, especially along the coastal road from Solum.

Dangers in the Axis Advance

If the Axis should break through or encircle the British positions south of El Alamein—which seems a very real possibility—a drive toward Alexandria would probably follow, with a simultaneous or (more likely) a subsequent thrust at Cairo and then the Canal. The space-time factors of supply and fatigue may be causing Rommel concern, but there appear to be no natural defenses between the present British

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positions and the Nile. The canal system of the delta, if adequately defended, might seriously retard a mechanized advance, but the Axis would probably encircle it to the south.

Moreover, in this densely populated area the defenders would face a wildly excited if not hostile native population. An unconfirmed report suggests that King Farouk, without consulting the British, has declared Cairo an open city, and he and the ruling class may be expected to come to terms quickly with the winner. Axis propaganda and fifth column work have long prepared for this occasion.

If this speculation is projected still further, there seems to be no logical line of resistance between the Nile and Suez. There are reports that if the British should be forced to retreat beyond the Red Sea, key points in the Canal will be blown up. It should also be noted that an Axis advance into this region might disrupt the present air ferry route to the Middle East.

British Mediterranean Fleet Shift

With the threat to Alexandria growing daily, the British fleet based there—which now consists of light forces (cruisers, destroyers, corvettes, and submarines)—is reported to have shifted its base to Beirut. A fueling station is available at Haifa, and minor repairs can be made at Beirut, but only Alexandria offers full dry-dock facilities. The removal of this fleet from the eastern Mediterranean would greatly simplify an Axis attack on Cyprus and Syria, and it is therefore believed that these naval forces will be retained in this area for the present, even at the risk of losses. Presumably the units of the French fleet now at Alexandria would not be allowed to fall into Axis hands.

Effective raids against Axis supply lines, it is said, can be carried on only by the substantial submarine force of this fleet, and by aircraft from Malta, recently reinforced by

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planes brought there on the American carrier *Wasp*, since land-based aircraft can neutralize larger fleet units in this confined area.

Turkey's Fears

Rommel's sweep into Egypt has left the Turks in a state of serious concern. They view with suspicion a Nazi proposal that all interned aviators be freed, fearing the Germans wish to establish a precedent for a possible future Near Eastern offensive of their own. A high government spokesman, seconded by the press, has complained that the British have supplied Turkey with little military equipment, and have failed to move sufficient forces to halt the Axis threat to the Levant, where it is felt the main German push will come. Nevertheless, he states that, if attacked, the Turks will fight without regard for casualties.

In London fears persist that the recent Turko-German military agreement may carry in its wake military specialists and an indoctrination of the Turkish staff with the concept of Nazi might. In addition to the forces already in the Aegean area, there are unconfirmed reports of large German troop movements through Austria and the Balkans toward the Turkish border. Axis talk about thousands of American troops in Egypt is also believed to be part of the war of nerves against Turkey, who may eventually find herself in the position of Sweden, if not of Hungary. The threat of a flanking air-borne attack on Syria from the Aegean area is still widely discussed.

Reactions in France to the Libyan Debacle.

In France the British defeat in Libya is having very serious repercussions. Hopes of a second front have tumbled, and

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British prestige among the French people is reported virtually to have vanished. Laval has taken the opportunity, both in his recent speech and through the press, further to discredit Great Britain and the De Gaullist movement, which he characterizes as being essentially British.

Although some Frenchmen feel that Laval's speech (*The War This Week*, June 18-25, p. 12) was simply an oratorical concession in his negotiations with Hitler, it appears that the speech may have cost Laval much prestige, particularly his criticism of Giraud, who is now pictured as virtually a national idol. Within the Vichy government itself, Laval's reference to the Martinique negotiations as intervention by the United States is reported to be resented by Foreign Office officials. Pétain is also said to have been angered, claiming that he had no foreknowledge of the provocative sections of the speech with which Laval publicly associated him. It is pointed out, nevertheless, that the Marshal always denies a foreknowledge of whatever may later prove unpopular with the French people, although this time he may have been actually deceived. One thing, however, appears to be quite certain: Laval has so entrenched himself in the government that neither Pétain, nor any other Frenchman, can remove him without the aid of the Germans.

French Economic Collaboration

Laval is now very much occupied with fulfilling German demands for further economic aid. In order to meet the constant Nazi request for French skilled labor, as many as 1,300 plants have been shut down, according to one source. This has been accomplished, it is claimed, in order to centralize and eliminate unprofitable industries, but also, it is suggested, to force French workers to go to the Reich and thus avoid having them drafted by the Germans. Conse-

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quently, Laval has placed French labor in the position of either going to work in Germany or permitting badly needed agricultural workers to remain in German prison camps. At the same time the Germans have asked for, and have obtained, further French food supplies, railroad rolling stock in large quantities, and automobiles.

With the "Anti-Bolshevist Legion" renamed the "Tricolor Legion" and given semi-official status, an important Paris collaborationist newspaper remarks that the Legion will be constituted to fight not only in Russia but in French Africa, in France, and wherever Anglo-Saxon and American "Imperialism" may penetrate.

The North African Balance

In North Africa also the Axis drive into Egypt has made a deep impression. Many sympathizers with the Allied cause are reported as angry and disheartened, while those favoring the Axis appear to have received new encouragement. However, the renewal of the shipments between New York and Casablanca has come at a fortunate moment, according to American observers in North Africa, and high French officers are said to be very appreciative and state that the renewed agreement permits them greater freedom of action in dealing with German demands. Noguès, the Moroccan Resident General, who appears to put his official position above all else, is an exception and is said to be more pro-Laval and anti-British than ever.

The Vichy government has acceded to German demands for powers of control over shipping at Casablanca similar to those exercised in Algiers, according to diplomatic sources. Since the Armistice agreement allows German control of French foreign shipping, Vichy may have done well to secure promises that German personnel would not be increased at

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Casablanca, and that ships going to Dakar would be excluded from this control. It is feared that the Egyptian success will stimulate the demands and activities of the Axis group in the whole Mediterranean area.

General de Gaulle and the Post-War Settlement

General de Gaulle's recent political declaration is a noteworthy document demanding the end of totalitarianism, the establishment of a post-war organization for the maintenance of peace, the restoration of the liberties of the French people, and the establishment of women's suffrage for the election of a National Assembly "which will decide in full exercise of its sovereignty what course the future of the country shall take." It is consistently reported, however, that there is, in Unoccupied France at least, little enthusiasm for the Free French. The latter appear to have suffered from the close association which they have been obliged to maintain with the British.

Suñer's Visit to France and Italy

Suñer's current trip to France and Italy has caused wide speculation. His conversations with the Pope are believed to have dealt with the selection of Spanish bishops. It is felt by some observers that Suñer may be seeking foreign support in France and Italy against a movement for a general amnesty and a monarchical restoration with which Franco is said by Laval to be in sympathy. Other rumors attribute economic and minor military purposes to Suñer's visits.

The Nazi Drive South of Kharkov

On the Russian front, the capture of the rail junction of Kupyansk, 60 miles southeast of Kharkov, apparently repre-

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sents a concerted effort on the part of the Nazis to free their north-south communications lines—perhaps as a preliminary to a general offensive. Although the attackers claim to have launched their drive as early as June 22, they withheld any definite news until they were able to announce the Soviet withdrawal from Kupyansk and the consequent clearing of the triangle between the Donets and Oskol rivers. It is not clear whether they have also taken Izyum, near the base of the triangle. But since the Germans have announced the successful completion of their operations in this sector, it seems likely that they have achieved their main objective of freeing the railroad running east from Kharkov to Kupyansk and thence north to Belgorod, Kursk and Orel.

A similar purpose appears to have dictated their latest attack in the Kursk sector. Thus far each side has refrained from mentioning any specific localities. Reports suggest, however, that the Nazis are trying to eliminate one or more Soviet salients cutting the north-south railroad in the vicinity of Kursk.

Timoshenko's Offensive in Retrospect

With the German advance to the Oskol, the armies of Marshal Semyon Timoshenko have been thrown back east of the position from which they began their original offensive more than a month ago. The current Nazi attack now brings into focus the results of this earlier campaign, as estimated by an American military observer.

Our observer finds that Marshal Timoshenko, using a large mobile component of three armies, made a rapid frontal penetration—his advance elements apparently reaching the vicinity of Krasnograd, and his right flank putting strong pressure on Kharkov itself. Despite the severe shock of this advance, coupled with a considerable disruption of communications,

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the Germans staged a heavy counter-attack from the south which succeeded in cutting off one Soviet army. Russian losses probably amounted to 30 percent of the forces initially committed. German losses may have been somewhat lighter.

As to the success of the offensive, our observer is uncertain. On the one hand, he finds that the Soviets failed to maintain their advance and suffered heavy casualties. On the other hand, they disengaged about two-thirds of their forces without German pursuit. The only reliable indication of the extent to which they achieved their mission of disorganizing the Nazi forces around Kharkov, he concludes, will be the rate of Axis advance during the coming months. The current German attack—launched perhaps from a bridgehead east of the Donets established in the wake of Timoshenko's retreating forces—would suggest that the original Russian drive was a futile and wasteful operation.

The Great Offensive Still Hangs Fire

From Kuibyshev comes a reliable report that the ground is still wet before Moscow—more than a month after it is normally dry. To those who believe that the Nazis will not restrict their main operations to southern Russia, this report offers a more convincing reason for their continued delay than the problematical success of Timoshenko's Kharkov offensive. Yet there is a final possibility—that with the startling Nazi advance in Libya, the Eastern Front may, for the present at least, become merely a sideshow in Axis grand strategy. In the opinion of Pierre Laval, the Nazi high command is right now hesitating as to which front it should exploit to the limit.

Outside the Ukraine, the Nazis have likewise held the initiative. In the Volkhov area south of Leningrad they claim the encirclement of one Soviet army and parts of two

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others. Around Sevastopol, successive German communiqués reporting the crossing of the Severnaja bight, the storming of Mt. Sapoun, southeast of the city, and the fall of Balaklava and Fort Malakov, have culminated in the announcement of the capture of Sevastopol itself. This claim the Rusians have not as yet confirmed. In celebration of victory, Hitler has ordered that a special medal be issued to those who participated in the attack, and has promoted their commanding general, Von Mannstein, to the rank of field marshal.

Submarine Warfare in the Baltic

Three recent reports from Stockholm point to intensified Soviet submarine activity in the Baltic Sea. One relates that the Nazis have begun to convoy shipping in these waters. Another tells of the escape of one or more Russian submarines through the minefields around Kronstadt; four, it appears, of the group that originally attempted the dash failed to get through, and were sunk by mines. A third despatch reports the sinking of a Swedish merchant vessel, almost certainly by a Russian submarine. Observers at Stockholm predict that when the submarines begin to run out of fuel and ammunition, they will either surrender or go to Swedish ports for internment—although a desperate break for Great Britain through the heavily guarded waters of the Skagerrak is not entirely out of the question.

German Submarine Production and the Battle of the Atlantic

The rapid expansion of German submarine building facilities during the first two years of the war is only now beginning to make itself fully felt. The Germans began the war with about 60 ocean-going U-boats (500 tons or more) and had increased that number to 261 by the beginning of May this year, according to a current study of the Economics Division

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of the Office of Strategic Services (see Appendix I). It is now estimated, however, that the latter figure will move steeply up to a total of more than 430 submarines by the end of this year, an increase of more than 65 percent. If the same proportion of undersea craft is maintained in the Atlantic patrol, the latter would increase in size from 48 (as of April 21, 1942) to between 85 and 95 by the end of the year. This figure carries very significant implications for the future course of the Battle of the Atlantic and for the relation of our own shipbuilding program thereto.

German Tank Strength

German tank strength stands at about the same level now as in June 1941, although production has presumably declined somewhat from the "high" of roughly 1600 per month recorded a year ago, according to a current study by the Economics Division of the Office of Strategic Services (see Appendix II). Present strength is now about 23,000 modern tanks, the larger part of them in Russia. Of the total, 8500 are assigned to 28 Panzer divisions (200 tanks each) and to about an equal number of GHQ armored brigades (100 tanks each). Another 8500 constitute the active reserve. The remainder is variously distributed.

Permanent German losses, it is estimated, have varied from about 5 percent per month of tanks engaged in the Polish campaign to about 11 percent per month of those engaged in the Russian campaign (June-December, 1941). The total number of tanks damaged during periods of active combat is much greater than these figures would suggest, but the bulk of these machines are repaired and returned to action.

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Claims of Victory in China

In the Far East, Tokyo claims that Japanese columns pushing forward from the cities of Kuei-chi and Shang-jao have effected a junction at Heng-feng, thus bringing to a successful conclusion the seven weeks old Japanese campaign for possession of the Chekiang-Kiangsi railroad. Chungking denies that the entire railway is in Japanese hands but admits that the Japanese have narrowed the gap between their forces to some twenty-five miles. The Japanese advance comes after a period of inactivity which has led some Chinese officials to speculate on the possibility of a Japanese withdrawal toward Nanchang and Hangchow. But even these observers predicted that the Japanese would continue in control of the regions containing landing fields which might be used as air bases for raids on Formosa or Japan. In pursuit of the latter objective, a Japanese column driving south from the Chekiang-Kiangsi railway has occupied the town and air base at Li-shui, last of the big air bases held by the Chinese in Chekiang.

Meanwhile, both Chungking and Tokyo are claiming impressive victories as a result of fighting in the mountainous country on the Shansi-Honan border. Operations centered about the town of Lin-hsien in Honan, north of the Yellow river and west of the Peiping-Hankow railroad. The situation is still somewhat confused, but probably the Japanese characterization of the campaign as a "large-scale mopping-up operation" is not entirely inaccurate. The Japanese are apparently engaged in an attempt to strengthen their positions on the railroad, possibly as a preliminary to a drive southward along that line.

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Chinese Opposition to Aid From Russia

Chinese army officers have halted and turned back to Sinkiang a caravan of some 60 Russian trucks carrying gasoline to Lanchow in Kansu province, where they expected to load strategic commodities for the return trip to Russia via Hsing-hsing-hsia on the eastern border of Sinkiang. This information, which comes from a highly placed American observer at Chungking, illustrates the fact that Russian fear of offending Japan is not the only obstacle to aid for China via Russian supply routes. The Chinese themselves are far from unanimous in their attitudes toward Russian assistance and cooperation.

The present controversy does not directly involve American aid, but hinges rather on the question of allowing Russian trucks to proceed as far as Lanchow in carrying out a previous Russo-Chinese trade agreement (*The War This Week*, June 18-25, p. 17). There are some indications, however, that the truck incident may be the occasion for a test of strength among opposing Chinese views regarding cooperation with Russia.

Three attitudes are represented at Chungking. The minister of war, Ho Ying-chin, and his followers are bitterly opposed to any dealings with Russia. This group appears to oppose Russian assistance even more than the prospect of enforced cooperation with the Japanese. H. H. Kung, minister of finance, Weng Wen-hao, minister of economics, and many others feel that no obstacles should be placed in the way of whatever aid can be secured for the war against the Japanese—from whatever source. They would be willing to let the Russians use Lanchow immediately as a terminus without awaiting "wider" negotiations.

Chiang Kai-shek, who represents the third point of view, would be willing to let the Russian trucks come as far as

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Lanchow, if such a concession were made part of a larger agreement in which the Russians should promise to forward lend-lease shipments over the Turk-Sib railroad. Chiang has lost none of his aversion to communism, and inclines to resent the necessity of negotiating for Russian aid. But the Generalissimo is so thoroughly committed to opposition to Japan that promises of substantial lend-lease assistance would suffice to outweigh the ugly fact that the Russians would necessarily be given some credit for delivering the supplies. To some observers this situation again emphasizes the fact that the United States cannot rely on Russia to relieve it of responsibility for supplying the Chinese directly with whatever aid the American government believes the Chinese should have.

Spiralling Inflation in China

Meanwhile, rising prices and currency depreciation continue their ominous course and emphasize the mounting difficulties on the home front. Wholesale prices, on the basis of an index of 100 for the period January-June, 1937, rose to 1400 in June 1941; 2400 in December 1941; 4300 in April 1942; and on May 14 were estimated to have risen to between 5000 and 5500.

Despite this extraordinary situation, the observer at Chungking previously cited believes the Chinese will continue to carry on the war as best they can "for a while yet." Crops are excellent, an important factor in a country 80 percent agricultural. In China currency inflation is less disruptive than it would be in a highly industrialized nation.

The Effect of United States Credits

So far the currency inflation has not been relieved by the recent large United States dollar credit established for

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China, of which US\$100,000,000 is to be used to back Chinese savings certificates and an equal amount to secure Chinese war bonds. Sales of both have been slow and limited. Several reasons for this situation are advanced. Prospective buyers suspect that Chinese government exchange controls will ultimately apply to holders of the bonds, perhaps making them payable in Chinese rather than American currency. Buyers also are not pressed for time, since no limit has been placed on the period during which the securities might be purchased at favorable rates. Perhaps more important than these reasons, however, are the continued tendency to put money into physical goods and the higher ratio of profit which can be obtained from business investments.

Russo-Japanese War of Words

Although no significant military changes have been reported in the Manchurian-Siberian theatre, recent Japanese and Russian radio broadcasts indicate steadily mounting tension. For the past several months, Tokyo broadcasts have become more bold in their treatment of Russia whenever Allied reverses have occurred. On June 21, for example, Tokyo radio announced that recent Axis victories encourage the belief that "Russia will get no help in the vital six months ahead". The next day, the anniversary of Hitler's invasion of Russia, that station declared that Japan is "ferverently praying for Germany's continued success" and is "observing all possibilities for the purpose of absolute security," while *Nichi Nichi*, the big popular daily in Tokyo, stated flatly—the first time since December—that Japan must be concerned with the European war because she is a party to the Anti-Comintern pact.

With Japan's increased interest in Axis solidarity and the current threat to Siberia, Moscow has launched a counter-

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blast on the radio, placing the blame on a Japanese submarine for the sinking of the Russian freighter *Angarstroi* on May 1. At that time and repeatedly in the latter part of June, the Japanese alleged that an American submarine had sunk the vessel in order "to wheedle the Soviet Union into war with Japan."

The style of the Russian broadcast, as well as its timing, is significant. Its factual tone is in striking contrast to the emotional reactions of Soviet publicity following events, such as Pearl Harbor and the von Papen bomb trial, concerning which the Russians quite obviously intended to take no action. The further dissemination of the accusation through all domestic propaganda channels, from regional to front-line papers, is in accord with past Russian practice when forming public opinion on some issue of vital importance—in this case, the Russian attitude toward Japan.

Watchful Waiting in India.

With Gandhi still carefully preparing the ground for the coming meeting of the Congress Working Committee, advices from New Delhi suggest that Nehru has not yet abandoned his efforts to steer the Mahatma in a moderate direction. Gandhi's letter to Chiang Kai-shek, it seems, may have been actually drafted by Nehru as a last effort to reach an understanding with the British Raj. Rajagopalachariar has also been in consultation with Gandhi—urging his program of armed resistance to Japan and peaceful settlement with the Moslem league. In view of this continued divergence of opinion, the outcome of the Working Committee meeting cannot be forecast. It may end in a victory either for immediate civil disobedience or for compromise—or even in a schism within the Congress itself.

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In the first case, our informant suggests, the government would have to proceed with caution—employing troops and arrests only sparingly. But in the third case, the administration would probably be able to cope with the activities of Gandhi and the intransigent wing of the party, although it might feel obliged to imprison the Mahatma himself. Government leaders apparently feel that Gandhi is reckoning on a Japanese invasion, and that if this fails to materialize, the Mahatma's plans may well go awry. Meantime, the administration is apparently reaching out for support to elements of the left, weak in leadership, but committed to a vigorous war effort.

Moslem Realignment

In the Moslem camp, there are at least two indications that Mr. Jinnah's Moslem league—advocating Pakistan (the establishment of a separate Moslem state)—is meeting increased opposition from other Moslem leaders. Fazlul Huq, premier of Bengal, whom Jinnah recently expelled from the Moslem league, has announced that he will organize his own All-India Progressive Moslem league—pledged, at least by implication, to oppose Pakistan. Huq has issued invitations to the premiers of Sind and of the Northwest Frontier province and to other prominent Moslems associated like himself with the Azad Moslem conference (which opposes Jinnah). Our observer suggests, however, that these leaders will probably prefer to sit on the fence for the present—in view of the fact that Huq's influence is limited to Bengal, a province that enjoys a somewhat unsavory political reputation. Nor is Huq himself generally trusted, and the other Moslem leaders possibly feel that his current proposal is simply an effort to bolster his own doubtful political position in Bengal.

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Another Moslem prime minister, Sir Sikander Hyat Khan, of the Punjab, has arrived at a *modus vivendi* with the Sikhs of this province—on the basis of freezing all controversial issues for the duration of the war and granting the Sikhs specified representation in the ministry. Such a development represents a significant strengthening of the government's position, since the Punjab is India's most important recruiting area. In reaching this agreement, however, Sir Sikander has directly violated Jinnah's principle of postponing local provincial settlements until the main question of India's future organization has found a solution.

Argentina Hews to the Neutral Line

The sinking of the Argentine S. S. *Rio Tercero* and the announcement of Germany's blockade of the east coast of the United States has subjected Argentina's "prudent neutrality" policy to great strain. Opposition parties in the Chamber of Deputies are making full political capital out of these events, and their searching questions are reinforced by the widespread popular opposition to Castillo. Nonetheless a diplomatic break with the Axis appears neither imminent nor probable (as some press dispatches indicate). Should Germany comply with the Argentine protest about the *Rio Tercero*, which according to press reports includes demands for reparations and the payment of full honors to the Argentine flag, the Castillo government seems prepared to allow the incident to be settled and to accept Germany's promises of non-repetition.

The east coast blockade is potentially more serious for Argentina, since that country's export trade is now largely oriented toward the United States. If, however, Argentina can direct her vital exports to United States west coast or Gulf ports, which are outside the announced blockade area,

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the economic effects of the blockade may be sufficiently mitigated so that she will feel justified in continuing to follow her policy of strict neutrality. There are already definite indications that Argentina will use the route to the Gulf ports, with the expectation that, despite heavy sinkings of United Nations merchant tonnage in the Caribbean, Argentine ships will be unmolested if they observe the rules for neutral shipping and remain outside the formally declared blockade zone.

The resignation of ailing President Ortiz has no direct connection with these events. Nevertheless, it points up the dispute over foreign policy and long overdue domestic reforms. Popular dissatisfaction with the Castillo government has been handicapped all along by the lack of effective leadership, especially in the Radical party, numerically the strongest group in Argentina. Ortiz' resignation may force the Radicals to reorganize the party or to submit to the repressive measures of the Conservative groups.

Chile Persists in Her Neutrality

The Chilean Senate's virtually unanimous approval of the administration's policy of neutrality revealed once again this week the determination of large elements in the country to keep out of the war. The Senate also rejected a motion calling for a break in relations with the Axis.

It is true that the Foreign Office announced that any further Axis attacks on Chilean shipping would be regarded as hostile acts. But since Chilean vessels carried less than five percent of Chile's trade with the United States in April, the Foreign Office's exclusive reference to Chilean shipping did much to minimize the significance of its announcement. There was nothing in the official statement to justify subsequent assurances in the United States press, based on "in-

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formed" Chilean sources, that Chile would declare war on the Axis in the event of an attack on the Panama Canal, or on any west coast point south of it, or on ships of any American nation plying the coastal waters in that area.

The Senate action is an apparent rebuff to leftist forces whose drive for a break with the Axis has acquired new impetus during the past fortnight. One of the highlights of that drive was a mass meeting of 20,000 in Santiago on June 21, organized by the Chilean Confederation of Labor for the purpose of urging anti-Axis measures. On June 23 a National Democratic Front of all leftist political and labor groups was formally established to promote a stronger anti-Axis policy.

In the opinion of some qualified observers, the possibility of a change in Argentina's neutral stand, as a result of Axis attacks on her shipping, might make Chile unwilling to face the odium of being the sole surviving neutral American nation. At present, however, it appears that only a willful attack on her shipping or on her coast could induce Chile definitely to break with the Axis.

Axis Sinking Arouses Colombia

German sinking of a Colombian vessel, the *Resolute*, and the loss of part of her crew have evoked an emphatic note of protest from the Colombian government. Public opinion has been considerably agitated over the affair, and the newspaper *El Tiempo*, which is the organ of President Santos, favors a declaration of war.

Colombia severed relations with the Axis powers last December, and President Santos is strongly committed to the cause of the United Nations. His government has recently required all Axis nationals to move inland from the coast and has frozen Axis funds. President-elect Alfonso López, who

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advocated support of the United Nations in his presidential campaign, is expected to arrive in Washington on July 10 as the guest of the United States government.

Canadian Political Situation Improves

The middle course adopted by Prime Minister Mackenzie King on the explosive issue of conscription for overseas service apparently has succeeded for the present in averting a crisis, according to a highly placed American observer in Canada. Mr. King's position—"not necessarily conscription but conscription if necessary"—appears to have been accepted by both the pro-conscription and the anti-conscription factions in his cabinet, and by the majority of parliament.

The more fundamental issue has not of course been settled. An order in council proclaiming "overseas conscription" a "national necessity" would again bring the crisis to a head. But it is obvious that for the present the ardent pro-conscriptionist elements have decided not to press their case. The spreading realization in British Canada that Quebec's opposition is not political opportunism so much as a "deeply felt emotional reaction" has strengthened the prime minister's compromise position, our observer states. British Canadians now feel that too callous handling of this sentiment in Quebec would result in serious disorders, or in other ways would slow Canada's war effort—a result they would risk only with the greatest reluctance.

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APPENDIX I

GERMAN U-BOAT STRENGTH, 1942

1. Submarine Strength, May 1, 1942

On the basis of construction activity throughout the war period in German and German-controlled shipyards, it is estimated that Germany's total strength in ocean-going submarines, 500 tons or more, had increased from 60 at the beginning of the war to 261 by the beginning of May, 1942. This estimate assumes that the Germans lost an average of three submarines per month from beginning of the war until the end of 1941, and four submarines per month thereafter. The figure of 261 compares closely with an estimated total strength of 253, derived independently from operational intelligence.

2. Estimated Additions from German Shipyards, May 1-December 31, 1942

A survey of submarine slips in Germany, conducted in April, 1942, by aerial reconnaissance, affords a basis for estimating prospective accretions to German submarine strength during the last eight months of 1942. These estimated additions total 197.

Construction in German shipyards

1942	Submarines launched	Ready for service	1942	Submarines launched	Ready for service
January.....	22	.....	August.....	29	36
February.....	24	.....	September.....	18	23
March.....	36	.....	October.....	33	18
April.....	29	.....	November.....	23	20
May.....	25	22	December.....	28	27
June.....	24	18			
July.....	16	33		307	197

The following intervals (in months) for building and fitting-out are believed to apply in the German yards, in 1942:

500-ton vessels		700-ton vessels		1,000-ton vessels	
Bldg.	Fitting out	Bldg.	Fitting out	Bldg.	Fitting out
7	2	8	3	12	4

A further two-month interval is allowed for trial runs between completion and entry into service.

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The estimated average rate of launchings per month for all German yards (including Danzig and Elbing) is about 26 for the whole of 1942. This figure compares with an estimated rate of 18 in 1941 and of 5 in 1940. For the years 1940 and 1941, building periods for 500-ton and 750-ton U-boats were estimated to have been one month longer, and for 1,000-ton U-boats two months longer. The increase in launchings in 1942 over the former years is due chiefly to an expansion of the number of U-boats building at any one time. This latter figure rose from about 23 at the beginning of the war to about 180 by August, 1941, when the number of ways levelled off. The most recent reconnaissance (June 1942) reveals that the Germans are utilizing 28 new submarine ways which were not in use in April. This is a notable addition to German building potential, but it is probable that none of these craft can be completed by the end of the current year.

3. *Estimated Additions From Dutch and French Yards, May 1-December 31, 1942.*

In addition to the secretion of 197 submarines built in German yards and commissioned in the period May through December, 1942, some 33 are believed to be building in Dutch and French yards. It is reported that work on these craft is proceeding slowly, but it is possible that some of these submarines will be completed by the end of the year. With one further submarine whose completion is expected at Stettin, an addition of more than 200 submarines to the German fleet in the eight months, May-December, 1942, is indicated.

4. *The German Submarine Fleet at the End of 1942.*

If the present estimated loss rate of 4 per month were maintained, the German submarine fleet would thus consist of more than 430 submarines at the close of 1942 (a figure derived by adding to the May total of 261, a figure of 200-plus, and deducting 32 sinkings for eight months). This figure is capable of being reduced by bombing operations, sabotage, shortage of trained crews, or the imposition of a higher loss rate on the German U-boat fleet.

5. *Estimated Growth of the Atlantic Patrol, April-December 1942.*

Operational intelligence available at this time (report of April, 1942) indicates that no less than three times the number of U-boats on patrol are in bases, training school, on trials, or working up. In February, 1942, the ratio of U-boats on patrol to total strength was even smaller. If the same distribution of U-boats among different areas is assumed, the number of submarines on patrol in the Atlantic will increase from 48 (as of April 21, 1942) to between 70 and 80 by September, 1942, and to between 85 and 95 by the end of the year.

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APPENDIX II

GERMAN TANK STRENGTH

1. *Present Strength*

A study of divisional organization, order of battle reports, and production, loss and repair estimates suggests that German tank strength is as great now as it was a year ago. The Nazis now have perhaps 28 Panzer divisions (23 in Russia, 2 in Libya, 3 in Germany) and about an equal number of GHQ armored brigades, similarly distributed. These divisions probably comprise 200 tanks each, as compared with about 400 during the French and Polish campaigns. GHQ brigades—believed to have been organized after the French campaign—are thought to comprise around 100 tanks each. In addition, the *Wehrmacht* apparently tries to maintain reserves equal to 100 per cent of all tanks in assault units.

2. *Tank Production*

German tank production apparently began experimentally in 1933 and rose to 450 a month by September 1939. Production then increased rapidly to a level of about 1580 per month in June 1941. Since then it has presumably declined slightly.

In the above estimate, the presumed German production curve follows the general form of the American tank production curve (both conforming to a well known type of growth curve). Unfortunately the only "solid" point in this curve is a carefully prepared British estimate for 1941. The shape of the curve before and after this date, however, takes into consideration political, economic, and military factors which are thought to have influenced tank production over the past nine years. Furthermore, it takes account of other estimates, on the assumption that figures for total tank strength, arrived at from a production curve after adjustment for losses, should be compatible with the best available intelligence reports on German tank strength at various dates.

3. *Tank Losses*

Permanent German battle losses from all causes have been estimated to be the following percentages of the number of tanks in the Theater of Operation (TO):

	[Total number of tanks in TO]
Poland, 5 percent per month.....	3,500
France, Belgium, Holland, 7 percent per month.....	7,000
Balkans, 5 percent per month.....	3,600
Russia to 1/1/42, 11 percent per month.....	14,000
Russia, 1/1/42 to 5/1/42, 7 percent per month.....	1,200
Libya, for the 6 or 7 months of battle activity during the period November 1940 through May 1941, 10 percent per month.....	1,200

The above estimate is primarily based on British experience in Libya up to June 1, 1942. Consideration has also been given to other available estimates and

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to the varying conditions of other campaigns. Seasoned observers in Libya maintain that permanent tank losses average only 30 percent a year (as compared with 84 percent used by the American army). This British estimate, however, presumably applies to a "typical" calendar year, in which there are only four or five months of battle activity. This fact has been taken into account in deriving the figures in the foregoing table, which are designed to apply only to months in which active combat occurred. Other adjustments have also been applied.

Further considerations in arriving at an estimate of German losses are the sinking of Axis supply ships in the Mediterranean, obsolescence of tank design, and the number of tanks in transit, at training centers, and in other minor uses. A final factor is the reported effectiveness of German repair organizations. United Nations observers in Libya maintain that one can reckon as permanently lost only those German tanks which are "burned out" or captured. The result is a rate of permanent wastage much lower than the rate of damage during periods of active combat.

4. Estimated Distribution of German Tank Strength:

In T O:

	June 1941	June 1942
1. In assault units		
a. In divisions	5,000	4,600
b. In GHQ armored brigades	2,600	2,400
c. In divisional and brigade maintenance shops		600
	7,600	7,600

2. Reserves

a. At supply points and in transit towards the front ¹	7,600	3,800
b. At or in transit to advance base workshops		760
c. In transit to base workshops		1,520
d. At base workshops		1,520
	7,600	7,600

Sub-total tanks in T O..... 15,200 15,200

Outside T O:

In transit to T O	1,600	1,600
Allocated to Training and Testing	1,135	1,135
Divisions and Brigades in Germany	1,880	1,880
Stored and Depot Reserves in Germany (Residual item)	2,826	3,743
Allocated to Air Fields and Home Guards	(?)	(?)
Allocated to Occupational Troops	(?)	(?)

Sub-total tanks outside T O..... 7,501 8,466

Total modern tanks..... 22,701 23,666

¹ Excludes new tanks coming in for replacement of tanks permanently lost.

² No independent basis for estimate; included in stored and depot reserves.

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In addition to the modern tanks in the foregoing table, the Germans probably had in June, 1941 about 3,000 obsolescent tanks (defined as those more than three years old) and about 5,300 of the same category in June, 1942. Captured tanks similarly do not appear in the table. The Germans presumably assign these obsolescent tanks to training units, airfields, and other similar uses, or convert them to assault gun carriers or flame throwers.

The table further reveals the effect of battle operations on the distribution of reserves. During periods of combat activity, a large percentage of available reserves is immobilized in workshops as a sort of "hospital pool" (the figures used are based on Libyan experience). Moreover, the number of tanks in the supply line to an important theater of operations probably equals the losses of a month of combat—since the average time spent in transit is approximately one month. Training and testing, and the equipment of airfields and home guards (not considered organic units) use up a further percentage of reserve strength in Germany itself. In addition, there is always presumably a "buffer" pool of stored and depot reserves. Such factors naturally limit the extent to which the Germans will be able to organize new organic tank units.

5. German Tanks: Order of Battle

	June 1941	June 1942
In Russia	14,000	14,000
In Libya	1,200	1,200
In Transit to T O	1,650	1,660
In Germany	5,841	6,806
Occupational Troops and Other	(?)	(?)
Total modern tanks	22,701	23,666

The above figures include reserves, whether in combat condition or not. Furthermore, in the absence of direct evidence to the contrary, the geographical distribution in June 1942 is assumed to be approximately the same as a year ago.

APPENDIX III

THE SINARQUISTA MOVEMENT IN MEXICO

Mexico has its own vigorous totalitarian movement with about 500,000 members, which is committed to overturning the government of a country now our ally. The members of the *Unión Nacional Sinarquista* insist that they are not a political party but a movement of regeneration, dedicated to reconstructing the country as a new, corporative, Christian order under which Mexico will become a world power, labor unions will be reorganized into state syndicates, the Church will be given all of its lost privileges, and foreign influence will be driven out, according to a study by the Latin American Section of the Office of Strategic Services.

¹ No basis for independent estimate; included in category "In Germany."

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Ideology

The Sinarquistas have a high regard for Spain as it has been organized under the Franco regime, and they preach Pan-Hispanism, which is being used by the Nazi and Falangist movements as a counter-appeal to Pan-Americanism. They also attack the land distribution program of the Mexican government, and promise to substitute a wiser method of redeeming the poverty of the peasants in their new order. Except for parades, strategically located colonization, and a successful weekly, the activities of the *Unión* thus far have been concerned almost exclusively with organization and propaganda. How the movement will gain power has never been stated.

Sinarquista propaganda, although more cautious at present, has been markedly anti-American in the past. The movement is suspected of having close ties with Nazi agents. Its activity in the United States has resulted in a noticeable slackening of enthusiasm for the war effort in Mexican communities in this country.

Origin and Growth

The *Unión* was founded on May 27, 1939, in the city of León, State of Guanajuato, when two Spanish Falangists, a Nazi engineer, and a group of anti-government, proclerical young Mexicans registered a constitution before a notary public. Sinarquismo, from the Greek, means "with government," as opposed to anarchy, "without government."

Stressing every cause for discontent with the present administration of Mexico, the Sinarquista leaders have recruited followers rapidly. They have had their greatest success among the adherents of the 1926-1927 Church rebellion against the government and among peasants who have not yet shared in the general distribution of lands. Within a year after the movement was founded, the national leaders moved their headquarters to Mexico City and founded a weekly newspaper *El Sinarquista*, which has one of the largest circulations in the country.

Since 1940 growth of the movement has accelerated. The Sinarquistas stage mammoth semi-military demonstrations in which columns assemble outside a given city and march from different quarters to the central square. Recently they have established two colonies: one in Lower California and the other in Sonora, close to the Gulf of California.

Organization

The public leaders of the movement are a group of hard-headed young lawyers from the State of Guanajuato. They are determined, ambitious, and energetic. Behind them is a secret organization whose composition and extent are not generally known to foreigners but whose existence has been definitely established.

The movement is organized on an authoritarian basis, each member swearing absolute obedience to his superiors. The national chief is theoretically absolute master. Beneath the national chief is a hierarchy of chiefs. Each region, corresponding roughly to a state, is administered by a regional chief; each municipality by a municipal chief; and so on down to the smallest units—the rural sub-chief supervising a village and the block chief having jurisdiction over a square

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block in a city. Assisting the chiefs are committees consisting of members charged with correspondence, propaganda, education, organization among children, and work among women. In addition, there are special delegates who have roving commissions to organize new units and recruit members in untapped areas.

Sinarquista centers are strategically located. They are especially numerous and powerful in the agricultural area of the Bajío (Guanajuato, Querétaro, Michoacán, and Jalisco) and the neighboring state of Aguascalientes, where they form a compact cluster dominating the railroad and highway communications between Mexico City and the United States. Their second largest concentration, in the states of Puebla, Tlaxcala, and Hidalgo, controls the railroad and highway routes between Mexico City and the Gulf ports. There are active centers in all cities along the United States-Mexican frontiers. The movement has also spread among the Mexicans in the United States, and there are now branches in the regions of El Paso, San Diego, Los Angeles, Bakersfield, San Francisco, and Chicago.

APPENDIX IV

A NOTE ON THE RUBBER OF THE AMAZON

Military needs and the Japanese conquest of areas from which the United States drew over 90 percent of its rubber supply have lent an importance to the rubber production of the Amazon out of all proportion to the amounts involved. A contest, whose weapons are diplomacy and price inducements, is developing between the United States and Argentina for the exportable surpluses of the Amazon countries—Brazil, Bolivia, Colombia, Peru, and Ecuador. The negotiations have been complicated by the necessity of supplying some of these countries, such as Ecuador and Colombia, with manufactured rubber, if the United States takes over their entire production and stocks of crude rubber. In several instances, Argentina has bettered United States proposals, not only as to price, but as to the amount of manufactured articles promised.

Argentina, with a rubber industry of its own, desires, like Brazil, to keep its rubber factories functioning as usual. There are even indications that Argentina may be using Chile as an intermediary for obtaining small amounts of rubber, and it is not impossible that some rubber might find its way to the Axis from Argentina.

The production of wild rubber in the Amazon, cradle of the world's rubber supply, cuts an unimpressive figure in the supply picture of our modern age of motor vehicles and plantation culture, as the following data show:

	Long tons
Maximum world production:	
Natural rubber (1940).....	1,400,000
Synthetic rubber: Axis Europe, Russia, United States (1942) estimated.....	200,000+

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	Long Tons
United States consumption (1940):	
New rubber.....	648, 500
Crude rubber content of reclaimed rubber (55%).....	104, 600
Synthetic rubber, estimated.....	4, 500
Total.....	757, 600
Latin American production:	
Amazon basin (1937-1941 average).....	18, 000
Maximum, all kinds (various years).....	71, 800
Maximum annual potential of jungle rubber.....	150, 000

Even if an adequate supply of labor could be found, the maximum rubber potential of accessible regions in all Latin America would not be more than 75,000 tons, and to attain that figure would require several years of organizational development. This calculation is based on the addition of the maximum production figures (actually exports) of the various countries:

Country:	Maximum year	Production (actually exports) in long tons
Brazil.....	1912	41, 627
Mexico.....	1910	17, 481
Bolivia.....	1917	5, 750
Peru.....	1917	3, 244
Ecuador.....	1925	1, 095
Colombia.....	1917	990
Venezuela.....	1912	442
Central America.....	1910	679
Total.....		71, 308

Note.—Negligible production in the Guianas and West Indies is not included.

The rubber production of the Amazon shrank from nearly 50,000 tons per year before the World War to less than 20,000 tons in recent years, while world production soared from about 100,000 to 1,400,000 tons (1940). In the fabulous rubber emporium of the Amazon, Manaus, streets were overgrown with vegetation, and its opera house stands as a mute witness of vanished prosperity.

A change has come during the past crop year, however. Simultaneous with the heightened demand for rubber, a severe drought in northeastern Brazil threw many out of work—some 30,000 in the State of Ceara alone—and the Brazilian and United States governments have offered travel assistance to the unemployed who will migrate to Manaus. But since a rubber gatherer averages 500 pounds or less per year, an annual increment in jungle production of 5,000 tons would require at least 20,000 additional tappers, approximately the number which, according to estimates, it is hoped may annually be recruited and equipped.

Production, therefore, may be expected to increase by about 5,000 tons a year—to 25,000 tons this year and possibly 40,000 tons by 1945. Since an increasing amount—8000 tons in 1941—goes to the expanding tire and rubber manufacturers of Brazil, the surplus available for the United States this year may not exceed 15,000 tons. Even this small amount is of great importance because there are certain uses to which synthetic and reclaimed rubber are either not adapted at

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all or only adapted when blended with new natural rubber. This amount is approximately the annual pre-war production of all Africa, including the Firestone plantations in Liberia. The only other natural sources of importance available to the United Nations are Ceylon, with an annual peacetime production of about 60,000 tons, and Mexico, which produces a limited amount of guayule rubber. Double tapping, as an emergency measure, will substantially increase the output of existing plantations, and there are some plantations already under way, such as the Ford development on the Amazon, but a plantation starting from scratch requires six years to come into bearing.

APPENDIX V

CZECHOSLOVAK POLITICS IN THE UNITED STATES

The politics of Czechoslovakia grow active in the United States, ostensibly over the issue of centralism or decentralism in the Czechoslovakia which is to be reconstituted after the war, according to a current memorandum of the Foreign Nationalities Branch of the Office of Strategic Services. Naturally, behind the ostensible issue, personal ambitions are in play.

The head of the Czechoslovak government-in-exile in London, Dr. Eduard Beneš, personifies the idea of a centralized administration at Prague, largely in Czech hands. His *hommes de confiance* in the United States are Dr. Jan Papanek of the Czechoslovak Information Service and Dr. Arne Laurin in the Czechoslovak Consulate General; also Dr. Jan Masaryk, minister of foreign affairs and formerly envoy to the United States, who is now here as a visitor.

The idea of decentralization in a future Czechoslovakia is represented by Dr. Milan Hodza, a Slovak, who was prime minister of Czechoslovakia from 1935 to 1938. Dr. Hodza first arrived in the United States last autumn but has not been in good health and only recently became active in support of his conception of a "self-governing" Slovakia in a Czechoslovak Republic.

Czechs versus Slovaks on American Soil

The Czechs in the United States show a virtual unanimity in favor of a reconstituted Czechoslovak Republic and they consistently follow the lead of President Beneš; the American Slovaks are badly divided. The Slovak National Alliance (about 90,000 members) cooperates with the Czechoslovak National Alliance and supports the government-in-exile. The Slovak League (about 150,000 members) is anti-Beneš, anti-government-in-exile, and anti-Czechoslovakia.

The Czechs regard Dr. Hodza as a sinister figure and opportunist working under the cloak of his propaganda for a post-war federation while he intrigues for the support of American Slovaks in behalf of his own political ambitions. What seems to be happening among the Slovaks is that those who favor a reconstituted democratic republic see in Dr. Hodza a worthy leader of a democratic people who want to run their own local affairs without opposition from a centralized government dominated largely by Czechs. Those Slovaks who are uncompromisingly nationalistic and anti-Czech see in Dr. Hodza a threat to their leadership of American

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Slovaks. The quarrel is thus concerned solely with the internal political set-up of Czechoslovakia. The varying plans of Dr. Hodza and Dr. Benes for post-war reconstruction are not a significant issue, although it is known that Dr. Hodza is actively seeking support for his federation plan from other Central European groups, and it is possible that he may at some future date be able to use support from Polish and Yugoslav circles as a means of bolstering his own prestige.

In so far as Dr. Hodza's efforts are aimed at breaking the control of the leadership of the Slovak league, his actions tend to unify American Slovaks behind our war effort. In so far as his activities are directed toward creating a bloc to support him against Benes, he is instrumental in causing the problems of European politics to be fought out on American soil.

Approaching Test of Strength

The conflict between the two ideas and the two statesmen seems likely to come to a head at Newark, New Jersey, on July 5, next, when the Czech Sokols will meet to celebrate the eightieth anniversary of their inauguration in the United States. At the same time the Slovak National Alliance will hold its annual session. A preliminary test of strength took place several weeks ago when the executive committee of the Slovak National Alliance convened in Detroit. This committee was asked to endorse invitations by local chapters of the Alliance to Dr. Hodza to lecture on his ideas respecting the future of their country. The forces of Dr. Papanek, and therefore of Dr. Benes, sought a postponement of the decision, but Dr. Hodza succeeded in obtaining a favorable vote without delay, though the opposition was considerable.

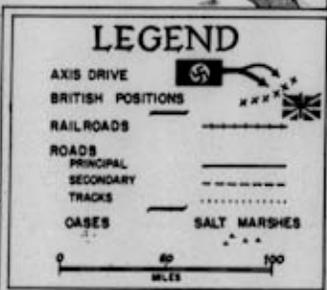
The issue will be drawn again in a more decisive form at Newark. Those who are opposed to Dr. Hodza profess to believe that they have the situation already in hand; but the outcome has been considered to be so important and uncertain that the Czechoslovak government in London has asked permission for Dr. Jursaj Slavik to visit the United States at this time. Dr. Slavik, one of the ministers of state in the government, is, like Dr. Hodza, a Slovak; he does not advocate "self-government" for Slovakia within the Republic, however, but favors a continuance of the more centralized system which prevailed from 1920 onward.

Dr. Hodza rests his advocacy of decentralization in the future Czechoslovakia upon a resolution which he asserts was voted by the Czechoslovak cabinet under his presidency in July 1938. The resolution called for a Slovak parliament to deal with the local affairs of Slovakia, while "common affairs," such as defense, foreign relations, etc., would still be managed at Prague. Hodza claims to have won wide support for this program among the Slovaks in the United States, including at least two important Catholic societies, though the Catholics have in general been his political opponents. Dr. Hodza is a Protestant.

ERRATUM

Issue of June 18-25, 1942: In the map on petroleum resources the circles for Abadan and Haft-Kel should be interchanged. The large oil fields are in the vicinity of Haft-Kel and the refineries are on the Persian gulf at or near Abadan. The pipe-line running along the Caspian shore north of Baku was planned before the war, but information is not available concerning whether it has actually been completed.

BATTLE for EGYPT



NUMBER 39

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OFFICE OF STRATEGIC SERVICES

THE WAR
THIS WEEK

July 2-9, 1942

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Copy No. A

For the President

July 2-9, 1942

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Office of Strategic Services

THE WAR THIS WEEK

Long after the blow was anticipated by most observers, the Germans have finally struck with great power in the Kursk sector and have launched the much heralded push to the east. The drive has already crossed the Don, cut one and probably two of the three north-south railroad lines available to the Russians, and now seriously menaces the whole position of Timoshenko in the south.

At the same time the Axis offensive in Egypt has come to a halt, only 70 miles from Alexandria. In the face of rapidly gathering British reinforcements, the exhaustion of Axis troops, and unremitting attacks on lengthening Axis lines of supply, Rommel's drive has now entered a crisis period. Military observers feel that he must either break through to Alexandria and the Delta very soon or be obliged to withdraw to positions to the west.

As the repercussions of the Nazi offensive in Egypt reached even South America, speculation was general concerning the extent to which the current German drive in Russia might further depress the prestige of the Allied cause. Meanwhile, Japanese preparations in Manchuria appeared to be accelerating, and it is believed in some responsible quarters that Japan may strike as soon as the Germans are fully committed in Russia and have achieved a convincing military success.

The Big Push Begins

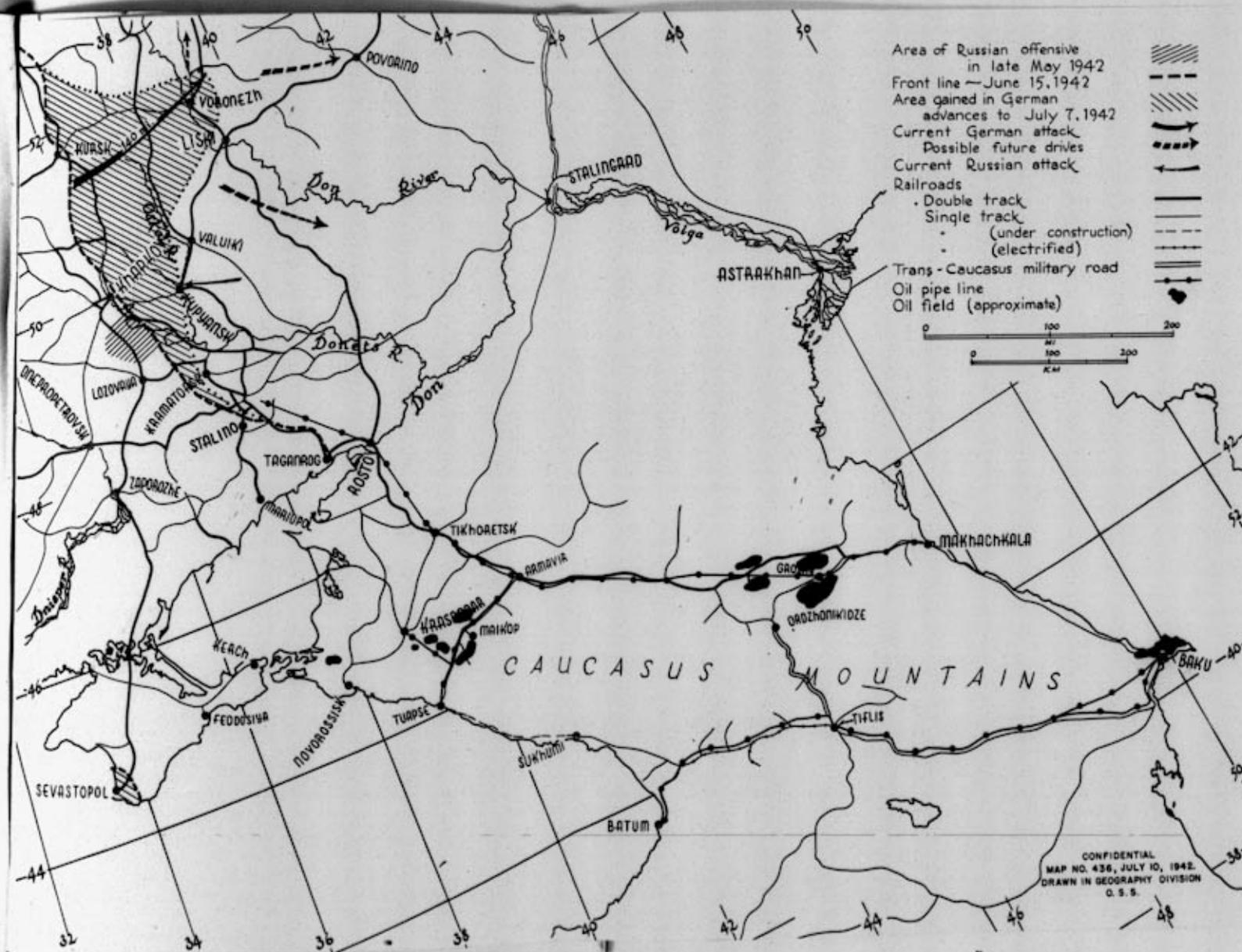
In a swift, smashing offensive the Nazis now claim to have driven east more than 100 miles from the vicinity of Kursk—

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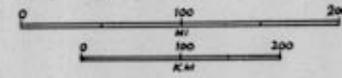
thrusting a wedge between the southern army group of Marshal Timoshenko and the Russian forces on the central front, interdicting two out of the three north-south railway lines previously in Russian hands, and capturing the strategic rail junction near Voronezh to establish a bridgehead over the Don.

Faced with these drastic developments, Allied observers have not been slow to conclude that the long-expected summer offensive is under way. In fact, it may have begun on June 22—the anniversary of the outbreak of war between the Soviet Union and the Reich—when the Nazis launched their attack from Kharkov toward Kupyansk. In any case, the rapid success of the present offensive would tend to discredit the belief that either Timoshenko's attack southwest of Kharkov in late May or the Russian resistance at Sevastopol significantly slowed or disorganized German preparations for an offensive.

The map illustrates the substantial Nazi gains made in a period of about three weeks since the middle of June—and likewise the general area of Timoshenko's earlier offensive. American military observers warn, however, that the establishment of a huge salient intersecting the important heavy-freight line from the Donets basin via Valuiki, Staryi Oskol (whose loss the Soviets now admit) and Yelets to Moscow—and probably also the main railroad Rostov-Olrozhka (Voronezh)-Michurinsk-Moscow—is perhaps only part of a larger offensive scheme. Already a German attack in the vicinity of Rzhev has indicated that the Nazis are not restricting their operations to southern Russia alone. And from the bridgehead over the Don already established at Voronezh, the Germans have at least three possible lines of further advance open to them.



Area of Russian offensive in late May 1942
 Front line — June 15, 1942
 Area gained in German advances to July 7, 1942
 Current German attack
 Possible future drives
 Current Russian attack
 Railroads
 • Double track
 Single track
 - (under construction)
 - (electrified)
 Trans-Caucasus military road
 Oil pipe line
 Oil field (approximate)



CONFIDENTIAL
 MAP NO. 436, JULY 10, 1942.
 DRAWN IN GEOGRAPHY DIVISION
 U. S. S.

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Three Lines of Attack

The boldest of these alternatives would be an advance northeast along the railroad toward Michurinsk, combining with the attack from Rzhev to form a pincer movement on Moscow and the strongest of the Soviet army groups. The success of such an advance would mean the liquidation of the chief center of Russian resistance. It would have the disadvantage, however, of leaving the German right flank exposed to a counterattack by Marshal Timoshenko's southern armies—a force still to be reckoned with.

A second possibility would be the classic German maneuver of turning downstream on a great river, taking bridgeheads on the way—a maneuver already brilliantly executed on the Aisne-Somme in 1940. Such a move down the Don, with the German left flank protected by the river itself, might offer an excellent opportunity for a final reckoning with Marshal Timoshenko. Yet the Nazis would face a real logistic handicap, since no railroad parallels the river.

In the view of the role that the Soviet railway system has played in Nazi offensive plans thus far, a final possibility would be an attack straight east from Liski (south of Voronezh) to Povorino. Such an advance would not only roll up the only east-west railroad that the Russians can use in this area; it would also intersect rail communications between Moscow and Michurinsk to the north and Stalingrad to the south—isolating Timoshenko's armies from the bulk of the Soviet forces, except for river transport on the Volga.

Soviet Counter-Moves

Meantime, the Russians have retaliated in an effort to stem the German advance before it is too late. An all-out Soviet attack by the central army group from the Oka River, in the vicinity of Orel, is an obvious effort to apply pressure from the

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north on the base of the new German salient. American military observers point out that its success or failure will offer a significant clue to present Russian offensive strength.

The southern armies of Marshal Timoshenko are now partially cornered. Already Timoshenko has launched an attack toward Kupyansk—to strike at the southern base of the German salient. But it seems unlikely that the Russian southern armies, weakened by the attacks of late May, will be able to advance very far westward. If the Germans choose to strike at Timoshenko southeastward down the Don or to cut him off by advancing straight east toward the Volga, he may stand his ground in the south. Or alternatively he can try to escape down the Don, or turn north to join the central Russian armies. The last of these alternatives would be a difficult operation in view of the inadequate railroad net left to the Soviets, and one that would imply the abandonment of the Caucasus.

Voronezh and Sevastopol

The quick Soviet admission of their retirement in the Voronezh region—about 48 hours after the original German claim—is a departure from previous Russian public-relations technique. It suggests that in the future the Soviets may be unwontedly frank about their reverses, in an effort to strengthen the effect of their pleas for aid from their Allies.

Similarly the Russians have now admitted the loss of Sevastopol—a loss which, despite the severe casualties suffered by the Nazis, may release about eight German divisions and 250 planes to be used in other sectors. As for the shipping situation along the eastern shores of the Black Sea, American observers suggest that the loss of the Crimean naval base may not have such serious effects as might at first be imagined. Lighter units of the Soviet fleet have been able to fall back on the ports of Novorossiisk, Tuapsi, and Batumi. If, despite

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this naval protection, German U-boats should penetrate these waters, much of the output of the oil refineries of Batumi (estimated annual capacity: 3,000,000 tons) could probably be shipped north of the Caucasus mountains by rail.

The Maritime Front in the North

In the far north, the Germans have claimed the sinking of an American heavy cruiser and 32 merchant ships out of an Allied convoy of 38 vessels bound for Archangel. Capitalizing on the short distance between Murmansk and their air bases in Finland, the Nazis have subjected Murmansk to heavy bombardment.

Meantime, the Russians assert that they have scored two torpedo hits on the powerful new battleship *Tirpitz* in the Barents Sea. Furthermore, in the opinion of an American naval observer on the spot, the most dangerous season for Allied convoys in these waters is drawing to a close. In about three weeks, he notes, the period of perpetual daylight will come to an end, while a season of fog is already beginning. In addition, the receding of the ice to the north has widened the lane that Allied convoys can use—thereby increasing their ability to elude German air and submarine attacks.

In the Baltic, the depredations of "unidentified" submarines have continued. Stockholm reports that the sinking of one Swedish ship has been followed by unsuccessful attacks on perhaps two others, while the Swedish navy has dropped depth charges in the vicinity of a submarine operating in Swedish territorial waters. After a polite war of words, the Swedish foreign office—producing as evidence parts of a torpedo with Russian letters on it—has apparently convinced the Soviet envoy that a Russian submarine was responsible for the original sinking.

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The High Command Announces Its Losses

It seems hardly necessary to say that the total of dead and missing—337,342—announced by the German High Command for the Russian campaign through June 21, 1942, does not merit serious consideration. It falls far short of the estimates accepted by competent American military opinion. Furthermore, it is incomplete. No figures for this past winter and spring follow the total for wounded (571,767) through November 21, 1941. There is no breakdown as between air and ground forces, and there is no indication as to whether the figures include non-combat as well as combat losses. Finally the admitted average loss rate of 768 men per day for the past winter, as against 439 men per day for this spring, scarcely corresponds with the comparative magnitude of operations during these two periods.

The Axis Drive Stalls in Egypt

Although the crisis has not yet passed, the British position in Egypt has greatly improved. The Imperial forces have been able to hold their positions, to throw back minor Axis thrusts, and to launch a counterattack from the south that carried them to within 18 miles of El Daba. The battle took place along a curved front southwest of El Alamein, the Axis having been forced to draw its southern arm back to the west to form an anti-tank screen against slashing British attacks.

Meanwhile Rommel has been concentrating on repairing his tanks just behind the forward area, and military observers believe that his acute supply situation will force him either to break through to Alexandria and the Delta in the near future, or to withdraw to bases of supply and reinforcement, perhaps in the Solum area. Latest reports of enemy dispositions indicate preparations for a possible

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offensive thrust aiming to cut through the corner of the British lines southwest of El Alamein.

Three factors appear to have been instrumental in halting the Axis drive. The Eighth Army received large reinforcements, including very substantial numbers of fresh troops. Axis supply lines have been dangerously extended by Rommel's rapid advance, and last week they were subjected by British and American bombers to the heaviest pounding yet delivered in the desert, all the way from Benghazi to the battle area. It is to be noted that, as a result of demolition in Tobruk and other ports, Rommel is now obliged to move much of his supplies all the way from Benghazi; hence, he has lost his earlier advantage of moving supplies largely under cover of night. Finally, the Axis forces appear to have been close to exhaustion, having fought continuously for six weeks over nearly 400 miles of desert. An example of the effect of this exhaustion appeared in the mass surrender of 600 Germans from the crack 90th Light Division.

The Axis is being given little chance to rest in its present positions. British attacks, led by the New Zealanders, are believed to have knocked out two depleted Italian divisions, one an armored unit. The recent bombings of Malta indicate that supplies and reinforcements are being moved across the Mediterranean to North Africa, and it is known that oil has reached Solum despite Allied bombings of port facilities.

In general, however, military observers suggest that Rommel may have been directed to exploit his success primarily within the limits of the forces at his disposal. The fact that he was not given decisive reinforcements or added air and paratroop support at a moment when victory seemed within his grasp has caused some observers to speculate as to whether these forces are still available, now that a large offensive in Russia has begun. It is, of course, possible that they may still appear in either Egypt or Syria.

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Churchill's Review of the Campaign

In his review of the Libyan campaign, Mr. Churchill stated that the British had started with about 100,000 men, and with numerical superiority of 7 to 5 in tanks, 8 to 5 in artillery, together with air superiority. By July 1 upward of 50,000 men and large quantities of stores had been lost, and Churchill gave some indication of the destruction of British armor by revealing that in a single day 230 tanks failed to return. After the fall of Tobruk, which came as a distinct shock to the War Cabinet, it was felt that ten days or a fortnight would be gained by the British withdrawal to Matruh. Instead, Rommel attacked in less than a week. In conclusion, the Prime Minister emphasized that the battle was now in the balance and was in no way decided. The speech was followed by a vote of confidence, 475 to 25.

Some of the Possible Effects of a Debacle in Egypt

Should the present British resistance collapse, King Farouk and his government, who are at present neither assisting nor opposing the British defense of the country, would quickly come to terms with the winner, observers are convinced. The King has refused to leave Cairo, and the British have just taken over the guarding of all vital points. As yet there is no word of active fifth column attacks; but British demolition efforts would probably be widely hindered.

The full repercussions of a possible British loss of Egypt cannot be analyzed here. Some of the more immediate effects would be a serious weakening of the Allied naval and air position in the Mediterranean, and definite reduction of British political influence in the whole Moslem world. The Allied military position in the Near East would become difficult, and it is a question how long even Turkey and Saudi Arabia could maintain their neutrality.

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Economically the Axis would probably be able to obtain increasing amounts of Turkish chrome and copper, as well as small but important quantities of vegetable oils, tobacco, citrus fruits, wool, hides, and other Near Eastern products. In Egypt the Axis would have potentially available a petroleum production estimated at 1.1 million metric tons per year, and a cotton crop of the first importance.

Textiles have represented an acute shortage in the German economy, and the Reich can expect only about 25,000 or 30,000 tons of cotton for the year 1942-43, as against a pre-war consumption of 335,000 tons. Even some military textile requirements have been forced to depend on synthetic fibers yielding commodities of inferior quality. This situation would be completely altered if Germany were to secure present Egyptian stocks of long-staple cotton, which are estimated to amount to more than 300,000 tons. Destruction of these stocks would be extremely difficult, in view of the difficulty of burning the compressed bales and of possible native opposition. Even were provisions made for partial destruction, a crop of at least 125,000 tons is estimated for this fall, and a potential crop of 400,000 tons in future years, based on previous normals.

Compensating Aspects of Defeat

Some observers suggest, however, that the loss even of the whole of the Middle East would not be an unrelieved disaster. The United Nations would gain certain positive advantages of undetermined extent. Above all, much shipping now making the long trip around Africa could then be diverted to the British run, where its effectiveness would be roughly doubled.

Undoubtedly the German High Command fully understands the extent of Allied embarrassment in retaining the Middle East, and more cynical observers have suggested

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that Rommel's drive may already have fulfilled its primary objective of summoning Allied reinforcements once more into this area, and of sowing confusion in Allied plans for a "second front."

Italian Elation

The Italian reaction to British reverses has been one of exultation, characterized by a Fascist propaganda barrage unequalled in volume since the beginning of the war, except possibly on the occasion of General Graziani's advance into Egypt in December, 1940.

There can be no doubt that the prestige of the Fascist regime in Italy has been enhanced. All the forces making for the stability of the regime—the monarchy, the army, the Fascist party organization, favorable public opinion—have unquestionably been strengthened, and their opponents weakened. The "wisdom" of the alliance with Germany has received new confirmation: Italy has already extended her sway to Albania and Greece, and now looks forward to a secure hold on Libya and the possible widening of her power in Egypt and the Near East. Moreover, the recent Axis success opens up the possibility that eventual Italian expansion need not be at the expense of France, but might be achieved in the Eastern Mediterranean, thus avoiding conflict among Germany's associates.

Repercussions in France and North Africa

Rommel's victories have raised the spectre of further French collaboration with the Axis. It is apparently widely felt that the Egyptian campaign will prolong the war, and this prospect has contributed to an increase in the enrollment for work in Germany of Frenchmen who feel that, even though

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the Allies may eventually win, body and soul must meanwhile be held together.

Stating that Laval's prestige has risen in both France and North Africa, one source suggests that his recent expression of hope for a Nazi victory was forced from him by German threats of economic reprisals and of activities in support of Doriot. Laval himself, however, has since revealed his meaning more clearly in an authoritative interview. Expressing irritation at the American reaction to his speech, he repeated that a Nazi victory on the continent was necessary to save Europe from communism. It is his belief that a stalemate between the United States and Germany will bring a peace of exhaustion, after which France as an equal partner will help the Reich develop the New Order on the continent.

Fear of renewed Axis pressure is widespread in North Africa as well as France. Germany is insisting on shipping control at Casablanca and has forced the removal of the French consul at Tangier. In Tunisia the Germans are reported to be developing a very effective intelligence service, while Italian aggressiveness has received a new impetus. An Italian general is reported to have arrived in order to enlist 6,000 workers for reconstruction work at Tripoli. If the British should be defeated in Egypt, Vichy could probably not resist further Axis penetration of North Africa, it is believed.

The French Fleet at Alexandria

In the event of a British withdrawal from Alexandria, Vichy has ordered the French naval ships there to sail to a French port, or, if that should prove impossible, to remain in Alexandria under the French flag. The British, ruling out both these alternatives, propose that the French either scuttle or go to a British port. But the French reply that if they should consent, Germany would then demand an

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equivalent of warships now in French ports. Meanwhile, the French commander at Alexandria, Admiral Godefroy, claims to have received no demands from the British for scuttling his ships. An unconfirmed report suggests that the French officers are preparing their vessels for a getaway, but as yet the ships have not moved. It should be noted that Axis air forces have mined the Suez Canal.

Should the British evacuate Alexandria, then, they would probably be reduced to scuttling the French warships themselves. No doubt, such an action would have profound repercussions in France, like the affair at Mers-el-Kebir. But like that action, it would probably not result in cooperation with the Axis by the main French fleet at Toulon.

American experts believe that the average French naval officer is pro-Vichy and anti-British, but not necessarily pro-German, or eager for a fight. The vast majority of the enlisted men are apparently pro-Ally; available evidence suggests that the French crews have already made preparations to scuttle their ships should the Germans attempt to seize them by force. Nevertheless, the cooperation of the Vichy navy with the Axis in an attempted reconquest of Syria is not beyond the realm of possibility. More probably, however, the French fleet would take no action, or perhaps confine itself to convoying French merchant vessels plying between France and North Africa—an activity that might involve it in sporadic clashes with the British.

Spanish Complications

Events in Egypt are reported also to have caused uneasiness in Spain, Spanish Morocco and Tangier. Officials who have remained friendly to us are fearful lest their country become involved in the war. They have expressed appre-

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hension about a coming German economic mission and suggest that the German air raid on Gibraltar may presage an effort to close the western Mediterranean. Other sources deny that Germany has any such intention.

Meanwhile the Falange is said to be elated over Rommel's drive and to have stiffened its resistance to monarchist movements. According to other reports, Spanish ships are refueling submarines in the Caribbean area, and U-boats are using a bay in Rio de Oro, on the west coast of Africa, as a base.

Repercussions of Axis Victories in Argentina

Recent Axis successes in Egypt, and now in Russia, may have significant repercussions in Latin America, close observers believe. This is true notably in Argentina where Rommel's drive, by indicating that an eventual Allied victory is still in doubt, has strengthened the supporters of "prudent neutrality." These supporters—President Castillo and his political advisers, certain military officials, and the native fascist groups of "nationalists"—are in position to regain some of the ground they lost at the time of the recent *Rio Tercero* sinking (*The War This Week*, June 25-July 2, pp. 19-20). Even then the Argentine government had to content itself with German promises of non-repetition and completely forego the reparations and full honors to the Argentine flag which it had demanded. Furthermore, it has now ordered Argentine ships to accept the German blockade of the east-coast ports of the United States and to use the ports on the Gulf of Mexico instead.

Anti-Axis Moves in Brazil

On July 2 President Vargas ordered Felinto Muller, chief of police at Rio de Janeiro, detained at his residence, the

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reason given—that Muller had refused to take action against certain enemy agents. The chief of police has long been known as an Axis sympathizer, and his loyalty to the President has often been questioned.

On July 4 students staged a large demonstration in the Brazilian capital, culmination of a series of mass meetings presided over by Commander Ernani Amaral Peixoto, head of the state of Rio de Janeiro, and son-in-law of President Vargas. In Brazil such events are the equivalent of an election day in the United States. If a mass meeting proves unsuccessful, like the parade of the Integralistas in 1937, the movement is promptly outlawed; but if there is great popular enthusiasm, the government quickly adopts the recommended policies. The students in Rio were demanding an immediate and energetic campaign against fifth columnists and an end of opposition to whole-hearted cooperation in the war effort. The demonstration was further evidence of the apparently wide popular support of the President's detention of Felinto Muller.

The Shape of Things to Come in Siberia

The Russian reverses in Europe make the expected Japanese invasion of Siberia appear increasingly probable, and current developments in the Far East lend confirmation to this view. The Japanese have recently safeguarded their flanks by capturing threatening airfields in southeastern China and by occupying the westernmost Aleutian Islands. Recent concentration of Japanese naval vessels in the Solomon Islands may indicate a forthcoming attempt to seize Port Moresby for the same purpose, although it is thought possible that these ships have been steadily in the Solomons and were merely shifting position when seen.

It is known that the Japanese are now reducing their garrisons in the southwest Pacific and directing strong forces

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northwards. Two or more divisions have left the southern seas under convoy along the China coast past Formosa, apparently headed for Manchuria. Another division has moved into Manchuria from North China. These reinforcements bring the total number of divisions in Manchuria and northern Korea to around thirty, about half of which are square divisions composed of four infantry regiments instead of the usual three.

Observers have felt that Japan would not attack Siberia with fewer than 2000 operational planes available in that theater. During the spring they maintained fewer than 1000 there. But at the rate planes have recently been leaving other areas for the north, with no logical destination except Manchuria, it is estimated that the desideratum of 2000 will be attained in the next week or two. Reports indicate also that the number of airfields in Manchuria has increased from 150 to 250 in recent months.

The Russians are not unprepared. They have brought the defenses of the Vladivostok area to the point where no further preparations are observable. The exodus of wives and children of officials to western Siberia has declined to a trickle. In conversation the officials themselves have stopped saying "If . . ." and now say "When war comes with Japan," it is reported.

The morale of the Siberians is good. By reason of the Roosevelt-Molotov agreements and the arrival of American foodstuffs (flour and hams) sentiment toward the United States is the best since the outbreak of the Pacific war, it is reliably reported. American foodstuffs, together with improved harvest prospects, largely counteract the depressing effects of the none too favorable food situation.

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The Japanese Consolidate Their Aleutian Position

While preparations continue in Manchuria, the Japanese are endeavoring to consolidate their hold on the western Aleutians, as is indicated by the sighting of transports near Agattu, which they are apparently occupying. Agattu is a very small island near Attu. Counter-activity by the United States continues to be greatly restricted by the weather.

Japanese aims in the Aleutians are not clear and may be various. Their hold there (1) creates an additional threat to sea-borne communications between America and Siberia, especially Kamchatka, (2) bottles up the Russian bases at Petropavlovsk (Kamchatka) and on the Komandorski Islands, (3) protects Japanese fisheries on the east coast of Kamchatka, (4) affords a stepping stone for an advance eastwards along the Aleutians, and (5) furnishes prestige for Japan's amphibian forces, which have not done very well of late.

Chinese Anniversary Celebration

As the Chinese, on July 7, began their sixth year of war against Japan, Chungking was celebrating the exploits of American airmen in China. The Chinese press was jubilant over the bombing attack directed against Hankow and Nanchang on July 4 by the new United States Army Air Force in China, successor to the American Volunteer Group.

Chiang Kai-shek added to the festival air of the anniversary celebration by stating that Japan was "plunging deeper and deeper into a morass," that the enemy was "beyond recovery" and that a Japanese collapse would become apparent in "the near future." It was evident, however, from the Generalissimo's statements that the Chinese remain perturbed lest their war with Japan be considered of secondary importance. Chiang's claim that it was "the

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duty of America to deal with her first and most threatening enemy, Japan" and his reference in a message to General Marshall to the necessity for an "early liquidation of the Pacific situation" under American leadership, were reminders that the Chinese do not propose to agree to any minimizing of the importance which they believe should be attributed to their theater of war.

Confirmation of Loss of the Chekiang-Kiangsi Railway

Meanwhile Chungking confirmed the fact that Japanese troops have completely occupied the Chekiang-Kiangsi railway. Having linked Hangchow and Nanchang, the Japanese are now striking southwest from the latter city in what may develop into a serious attempt to reach the junction of the Kiangsi-Hunan and Canton-Hankow railways, south of Changsha. On the Inner Mongolian front the Japanese movement westward from Pao-t'ou seems to have halted, and the Chinese are claiming that they have retaken the city of Wu-ch'eng, in Suiyuan, which the Japanese occupied last week. In the mountains on the Honan-Shansi border, north of the Yellow River, fighting has again subsided.

Gandhi Moderates His Stand

On the burning issue of India's relation to the Allied war effort, Mahatma Gandhi revealed a new attitude of compromise in the July 28 issue of *Harijan*. The apostle of non-violence now maintains that in some cases violence is necessary and ethically proper. Furthermore, he suggests that the immediate withdrawal of Allied troops from India is no longer a part of his program. India, he concludes, although she has no quarrel of her own with Japan, should do nothing to imperil the war effort of China or the other United Nations.

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Whether this change of view reflects the moderating influence of Nehru and Rajagopalachariar, it is as yet impossible to say. American observers in New Delhi report, however, that the latter has been conferring alternately with Gandhi and Jinnah, head of the Moslem League, in an effort to secure the adoption of one of two alternative proposals: cooperation between Gandhi and Jinnah in a national government for the duration of the war; or, failing that, the establishment by the British of a government of prominent Indians, cutting across party lines, to which the Viceroy would turn over his powers.

Neither of these proposals is likely to meet with much success, in the view of at least two American representatives in India. The stand of both Jinnah and the Congress leaders, they feel, is too uncompromising to admit of the first, and even Rajagopalachariar is very doubtful of its success. As for the second, Jinnah would not permit Moslem League leaders to join such a government unless assured of numerical equality with Congress representatives.

Meantime the British government has appointed two Indians to the imperial war cabinet, and has enlarged the Viceroy's executive council to include 11 Indians out of a total of 15 members. But with the possible exception of Dr. B. R. Ambedkar, leader of the depressed classes, the new members of the council do not represent the largest political groups in India. Furthermore, the appointment of Sir Firoz Khan Noon as minister of defense has in no way lessened the supreme authority of General Wavell in all military matters.

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APPENDIX I

A COMPARISON OF WAR PRODUCTION AND RAW MATERIAL SUPPLIES IN THE UNITED STATES AND AXIS EUROPE

This memorandum¹ has two parts. The first presents a comparison of the current rate of war production in the United States and in Axis Europe. As data on which to base this comparison, it has used estimates of production of comparable armament items in the two belligerent areas. To obtain over-all comparisons, the memorandum has then related the volume of production of these selected items in each area to estimated total war production in that area. Through this procedure it has made allowances for the different composition of war production in the United States and Axis Europe.

The second part of the memorandum compares the supplies of some of the more critical raw materials available to the United States and Axis Europe as these materials are related to war production. In their respective utilization of these materials, significant differences emerge between the two.

PART I

1. Comparison of Selected Items

Table I shows production data for selected groups of armament items in the United States and in Axis Europe. Indexes for the groups of items shown are based on weighted aggregates of physical production of individual items. Only items regarded as comparable as between the two areas are included, and the same set of weights is used in combining the same set of items for the two areas. The weights used are United States unit values for each specific item.

This procedure involves the assumption that in physical terms a United States two-engine bomber, for example, is comparable to a German two-engine bomber. If this assumption is valid, then there is a presumption that, within each area, the relative importance of different items (i. e. two-engine bombers and four-engine bombers) is sufficiently similar to warrant their combination by the same set of unit value weights and that the resulting group totals are comparable between the two areas.

¹ Prepared by The Economics Division of the Office of Strategic Services.

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TABLE 1.—Production of Selected Armament Items in the United States and Axis Europe, 1942
[Axis monthly average rate=100]

Items	Axis Europe		United States	
	1st quarter		Calendar year	
	1st quarter	1st quarter	1st quarter	Calendar year
Planes.....	100	94	153	
Combat.....	100	95	156	
Training and transport.....	100	86	139	
Guns (army and air).....	100	72	171	
Armored combat vehicles.....	100	61	150	
Tanks.....	100	75	171	
Armored cars and carriers.....	100	33	105	
Trucks.....	100	147	276	
Total selected items.....	100	85	165	

Except for trucks, for which ample peace-time capacity existed, and for planes, for which capacity was pushed early in the defense program, United States output was substantially below that of Axis Europe in the first quarter of this year. It is believed, however, that by this time, production in Axis Europe had reached its peak and that, with the increasing pressure on manpower during the remainder of the year, there might be some decline. If at the same time production in the United States continues to expand according to schedule, output for the entire year will exceed that of Axis Europe in every group of items and by perhaps 50 percent or more for this combined group of finished armaments. By mid-1942, roughly speaking, the further expansion of United States production should have begun to overtake the lead represented by the accumulated reserves of Axis Europe.

2. Comparison of Total War Production

The selected items shown in Table 1 are only a part of the total war production of each belligerent. Since the remaining items are less comparable between the two areas and since less information is available on their output in Axis Europe, the over-all comparison of total war production that follows is both rough and preliminary. The margin of error involved is suggested by the data in Table 2, in which the total value of the selected items is compared with the value of all categories of United States war production.

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TABLE 2.—United States War Production, 1942
[Monthly averages]

Categories	First quarter		Calendar year	
	Millions of dollars	Percent of total	Millions of dollars	Percent of total
Armaments, land and air.....	1,427	53	2,066	50
Navy and merchant marine.....	454	17	718	17
War construction.....	788	30	1,359	33
Total war production.....	2,669	100	4,143	100
Selected items (table 1).....	465	17	907	22

In addition to the selected items shown in Table 1, there are two major types of arms output, ammunition and naval construction, which were excluded from the index owing to the inadequacy of the data for Axis Europe. Enough information is available, however, to warrant preliminary quantitative comparisons. Of the two, ammunition is much the more important in total value. It is estimated that the Germans expended roughly six million tons of projectiles on the Eastern Front during the five-month 1941 offensive. Anticipation of 1942 campaigns on a similar scale might be expected to give rise to an annual production rate somewhere in the same neighborhood, in view of the fact that it would be difficult to have stores of ammunition in such tremendous quantity. Scheduled United States production of ammunition for 1942 is less than half this amount.

Naval construction in the United States (warships and guns) is estimated, on the other hand, to be about double the 1942 volume of Axis Europe. When account is taken of both ammunition and warships in addition to the selected items shown in Table 1, the comparative indexes for the United States would be in the neighborhood of 50 for the first quarter and 100 for the year.

This comparison has some significance because it includes most of the actual weapons of warfare. Merchant marine construction and the construction of factories, bases, and other installations bulk about as large (in total United States war production shown in Table 2), but they do not of themselves provide striking power. In a rough way, it may be said that total war production in the United States during the first quarter of this year was half that of Axis Europe, but that it will be equal for the year as a whole.

It is clear that merchant marine and other war construction is in much greater volume in the United States than in Axis Europe, perhaps double for the entire year. Our need for transporting and supplying expeditionary forces and for installing distant bases of operation, as well as our resources for such construction, far exceed that of German Europe. As a guess, then, our total war production may have been about three-quarters that of the European Axis in the first quarter of the year, and it may be a fourth larger for the year as a whole.

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PART II

3. Comparison of Raw Material Supplies

United States supplies of the raw materials basic to war production seem ample for a 25 percent superiority over Axis Europe in the production of finished material. Supplies available in the two areas during 1942 are indicated in Table 3.

TABLE 3.—Estimated Supply of Selected Raw Materials in the United States and Axis Europe, 1942

Material	Supply		
	United States	Axis Europe	United States as percent of Axis Europe
Petroleum.....	267,800	26,700	1,003
Molybdenum.....	40	5	800
Nickel.....	115	16	719
Chromium (for metallurgical uses).....	300	45	667
Manganese.....	1,650	250	660
Copper.....	2,250	410	549
Tungsten.....	15	3	500
Steel.....	86,000	46,000	187
Magnesium.....	86	53	162
Aluminum.....	800	548	146

NOTE.—Supply includes total stocks as of January 1 and imports and output for 1942.

Even if we take into account the fact that during a period of rapidly expanding output stocks of materials in process must be greater than those used in the production of the articles currently reaching completion, these data provide no basis for the belief that raw material shortages will soon constitute an insuperable barrier to further expansion in the output of finished material. On the contrary, the extent of our raw material superiority suggests the possibility of a level of war production two or three times that of Axis Europe or, for that matter, two or three times our present rate.

In spite of the superiority of our raw materials position, there seem to be, at the present time, pressures on our raw materials supplies. If the above comparisons are correct, these pressures can arise only from the greater non-military consumption of materials in this country, from their less effective utilization in the production of war materials, or from the less efficient control of inventories. There is no question that non-military consumption is higher in this country than in Axis Europe, and it is probably also true that inventories are less closely controlled and that materials are used more lavishly in the production of armament.

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On the last point some evidence is obtainable from analysis of the quantity of various types of raw materials used by Germany and the United States in the production of shells, explosives, and high-speed tool steel.¹ The Germans use only .01 percent molybdenum in the core of their 7.92 mm. armor piercing projectiles, while the United States uses from .8 percent to 1.05 percent, or between eighty and one hundred times as much. The same American projectiles contains over twice as much magnesium as does the German. The United States uses about seven times as much nickel as Germany in the body and about fifteen times as much nickel in the cap of the 75 mm. armor-piercing shell. The United States employs almost twice as much tungsten as the Reich in high-speed tool steels.

It is not surprising to find Germany utilizing less of the various types of raw materials in question, since it has less. Yet, since 1939, there have been few allegations that German war materials are deficient in quality.

APPENDIX II

THE ROLE OF FISH AND THE FISHING FLEET IN JAPAN

The fundamental importance of fish in the Japanese diet and the exposed position of some Japanese fishing grounds might offer the Allies an opportunity to deal a blow to the Japanese economy, especially in the event of hostilities between Russia and Japan, according to a current report by the Geographic Division of the Office of Strategic Services. Japan's efficient high-seas fleet of tuna and bonito vessels, as an example, operates in an exposed area to the east almost as far as Midway and screens Japan proper from surprise attack in the only area where she has no outposts—if one excepts Marcus Island. For many years and in ever increasing numbers, Japan has maintained in that area fishing vessels which in time of war can serve the double purpose of providing much-needed food and warning against sudden enemy attacks. The deep-sea boats fishing there exceed a thousand in number, and many of them, in addition to wireless, are equipped with such special apparatus as direction-finders and electric sounders.

Significance of the Fishing Industry

For Japan the fishing industry has a relative significance far greater than that for any Western country, with the possible exception of Norway. One-half of the world's fishing population, nearly one-half of the world's fishing fleet, and one-third of the world's catch are Japanese. The Japanese utilize an unusually large number of species, putting them to a great variety of uses, including food, feed, oil, fat, and fertilizer. Since very little meat is eaten in Japan, seafoods are an important source of protein in the Japanese diet. At the outbreak of the war

¹ Data obtained from *Steel Analysis in U. S. Ammunition and Steel Analysis of Selected Items in U. S. Ordnance other than Ammunition*, Statistics Division, War Production Board, and *Analysis of Steel in German Ammunition and Analysis of German Steel in Selected Uses other than Ammunition*, Economic Division, Office of Strategic Services.

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Japan harvested annually more than eleven billion pounds of marine products; the United States, ranking second, about five billion. Japan's per capita consumption in 1935 was almost 65 pounds.

The Location of Fishing Grounds

Japanese fishing is concentrated in the coastal waters of Japan proper, in the Pacific waters east of Japan, in the Yellow Sea and East China Sea, along the Japan Sea coasts of Chosen and Karafuto, and around the margins of the Sea of Okhotsk. Of secondary importance are the tropical waters of Indonesia and the Pacific Mandated Islands, the Bering Sea, and the Antarctic whaling regions.

For a distance of a hundred to two hundred miles off the southern coast of Honshu, fishing occurs the year round. Farther out in this region and in the Yellow Sea are the chief winter fishing grounds. In the summer the scene changes to the waters stretching hundreds of miles to the northeast of Honshu, while the season around the shores of the Sea of Okhotsk and Kamchatka is from the end of March to August.

Japan has relatively few large ports specializing in fishing, but carries on her activities through a multitude of small coastal towns and villages having only the simplest harbor facilities. An ample railway network makes possible rapid transportation of marine products from these bases to all parts of the principal islands.

A variety of vessels are employed, the majority of which are small, motorless, sampan-like craft which operate near shore out of the coastal villages. Of the powered craft, the greatest number are small seiners, tenders, druggers, and other trawlers. Large steam- and Diesel-powered vessels include floating crab and salmon canneries, whalers, and various refrigerated carriers equipped to transport the catch from remote bases to the markets of Honshu.

The Problem of Destruction

In so far as the problem of maritime destruction is concerned, the great majority of the Japanese fleet are boats of a highly individualistic and recognizable type, operating in the inshore fisheries (backbone of the great Japanese industry), near the main islands of Japan and farther southward. From Hokkaido northward, however, most of the equipment used in the fisheries is very much like that operated by the United States, England, and other maritime nations in similar latitudes. The extensive fishing operations in home waters are relatively safe from hostile attack.

The trawlers in Japanese service have all come into service since the first World War, during which a large part of the earlier fleet was purchased by France and Italy for mine-sweeping and patrol work in European waters. Some observers state that about half of these boats have a distinctive Japanese appearance. Japan has about 20 floating canneries for crab and nearly 10 for salmon. Photographs are available of most of these boats, which in general range from 2,500 to as high as 8,000 tons.

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APPENDIX III

A SOCIALIST PLAN FOR POST-WAR FRENCH ECONOMY

The tremendous German penetration of business in France may eventually offer the basis for the post-war socialization of French industry following a United Nations' victory, in the view of a "Committee for Socialist Action" now functioning in France. A current report in *France Speaks* (June 26) notes that the executive committee of this organization passed in January a resolution embracing a plan to attain this end. This plan assumes that popular discontent in France will demand destruction of the power of the French "moneyed interests." It involves two steps.

In the first place, the Germans have shown great skill, not unattended by ruthlessness, in bringing about mergers, reorganizations, and purchases—frequently with French money—of controlling interests in French businesses. Socialization of all the principal parts of French economy would be easy precisely because of this wide scale German penetration, it is said. Such socialization would, according to the socialist plan, be initially effected through an article of the peace terms, which would in substance stipulate that every form of German participation since the Armistice in a French enterprise of any kind should pass to the French state, to be held as a possession of the nation.

The second step would be to ensure that all enterprises in which the state secures an interest—which would be practically all enterprises of any importance, since the Germans have everywhere installed themselves—shall have representation of the nation on the boards of directors. In the past, the power of "the 200 families" has, it is asserted, been exercised primarily in this very way. This, in turn, has been made possible largely by the ignorance and indifference of the public, that is to say, the majority of stockholders in many enterprises. Hence, it is proposed that the stockholders, while being free to vote as they like for representatives on boards of directors, should, in the event of failure to vote, be presumed to wish to entrust their interests to the representatives of the state. The socialist resolution points out almost gleefully that in this connection a Vichy decree could be used with effect. The decree, dating from the end of 1940, stipulates that enterprises in which the state has a capital interest of as much as 20 percent or from which it buys as much as 20 percent of the production, must furnish within one month a list of directors, in order that the government might specify those it desired to see eliminated.

The socialist resolution stresses the fact that its proposals are not specifically socialist in character. Hence, a non-socialist majority might vote them. Even where the state would be the majority holder, the plan anticipates that socialization would be partial and gradual.

NUMBER 40

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OFFICE OF STRATEGIC SERVICES

THE WAR
THIS WEEK

July 9-16, 1942

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For the President

July 9-16, 1942

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Office of Strategic Services

THE WAR THIS WEEK

Smashing southeast along the Don, the Germans have widened their earlier salient to 200 miles and have driven it to a depth of as much as 150 miles. They have captured key points along the strategic railway from Olrozhka (Voronezh) to Rostov and have left the Russians only one practicable railroad from the north to the Caucasus. The extent and rapidity of the drive suggests that a pause for consolidation on the southern front may soon be in order. In the Moscow area, the secondary German offensive about Rzhev has made substantial progress, but is not yet sufficiently developed to offer a convincing clue as to Nazi intentions.

In Egypt the pause at El Alamein continues, and the decisive factor in the end will probably be the relative ability of the two sides to bring up supplies and reinforcements. German facility in tank recovery may also weigh heavily in the balance.

Meanwhile the Nazis are reported to be putting increasing pressure on Vichy to obtain labor recruits, additional shipments of wheat, and the strengthening of North African defenses.

In the Far East, the Japanese are continuing their preparations in Manchuria and have tightened their grip on the Chekiang seaboard by occupying the seaport of Wenchow. Finally, in India Gandhi has won over the Working Committee of the Congress Party to a program of mass pressure seeking immediate independence from Britain.

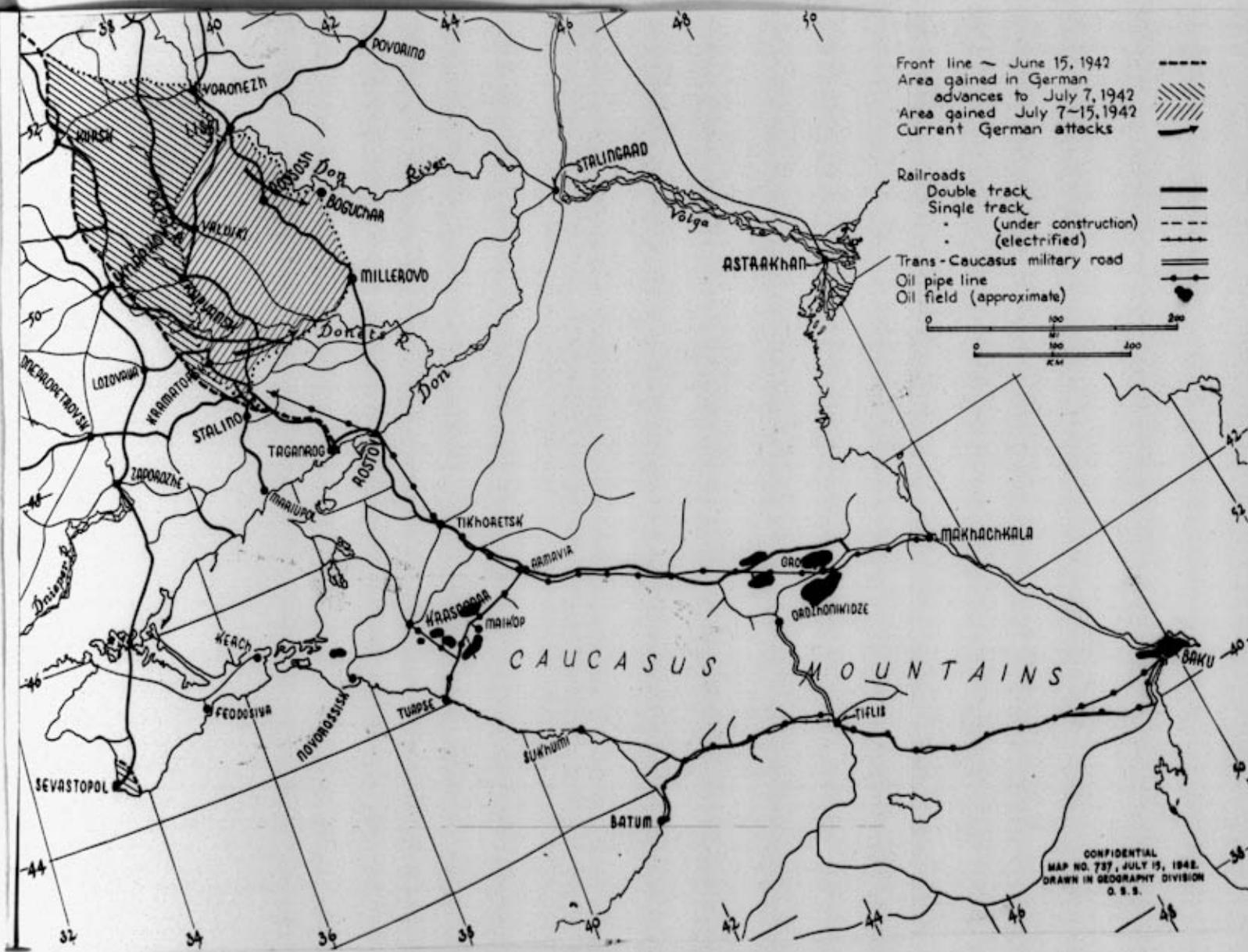
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The Germans Broaden Their Front

With the taking of Rossosh, Kantemirovka, and Millerovo, the Nazis have widened their salient on the southern Russian front to a breadth of about 200 miles (see map). Following the pattern of their earlier advances, they have pushed along strategic railways or seized key junctions that would deny the use of these railways to the Soviets. From their previously established salient at Kupyansk, they have driven north to Valuiki on the railroad to Liski, and south to Lisichansk on the way to Sergo. Meantime to the east, they have captured key points along more than half the length of the railroad south from Olrozhka (Voronezh) to Rostov—although the Nazis are evidently not in control of this whole 200-mile stretch. Most significantly they have not yet claimed Liski, the most important junction in this area.

The fact that the Germans have not crossed the Don toward Liski would suggest that the river is the eastern boundary of the present operation—except for the bridgehead already established at Voronezh. From this latter place, the Nazis may later drive for Liski and the rail junction of Povorino, more than 100 miles farther east, or, more likely, northeast toward Gryazi—in an effort to cut communications between Moscow and Stalingrad. For the present, however, they are apparently confining their operations to the south.

It is not as yet clear whether these operations are progressing on a broad front moving south along the Don itself, or whether they consist merely of a series of arms pushing east toward strategic points. The Russians now concede the loss of Millerovo, on the main Moscow-Rostov railway, and of Boguchar, about 40 miles east of this line and not far from the Don itself. Farther west, Vichy has announced the German capture of Voroshilovgrad. American military observers suggest that the capture of Likhaya and Rostov itself—giving the Germans control of the whole railway south





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of Rossosh—might be the logical terminus of the present operations. Their capture would cut off the Soviet armies in this sector from direct rail communication with Stalingrad and the north.

The Pattern of Conquest

Those who support this last view recall that the German advance of 1941 necessarily came in waves—roughly a 200-mile advance (lasting three to four weeks) to some important north-south line of communication, followed by three to four weeks more of consolidation along that line. They suggest that the Nazis may soon reach such a position, so far as their seizure of strategic points along the Moscow-Ryazan-Rostov railroad is concerned. Significantly enough, their current rate of movement does not begin to approach the 15 miles per day of the first eight days of the Kursk-Voronezh push.

In the opinion of transportation analysts of the Office of Strategic Services, a period of pause may soon be necessary. During this time, the Nazis would re-track the sections of railroad they had captured, move forward their fighter-plane air bases, establish advanced supply depots, and bring up heavy equipment from their previous advanced points, such as Kursk and Kharkov. The magnitude of the German forces committed in this area would further suggest the necessity of consolidation. Perhaps 50 infantry divisions, 10 to 12 Panzer divisions (two or three of them probably transferred in recent weeks from the central sector), a similar number of motorized divisions, and about 2,400 planes are actively engaged in the offensive between Yelets and Rostov. Current estimates suggest that in this offensive the Germans are using about 75 percent of their total Eastern Front air strength and have achieved a high degree of mobility in transferring squadrons from one point to another over a 200-mile front.

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Diversions to the North

Perhaps as a result of this concentration of strength, the Nazis have restricted air activity north of Kalinin to the regular bombing of harbor facilities in the vicinity of Murmansk. In the Rzhev-Kalinin sector, however, the German secondary offensive has apparently made substantial progress. Here the Russians have admitted a Red Army withdrawal only 130 miles northwest of Moscow—with the loss of 7,000 men killed and 5,000 missing, between July 2 and 13. German claims for the same period and area include 30,000 Russian prisoners, and 218 tanks, 591 guns, and 1,301 machine guns captured or destroyed. Late reports suggest that the Russians may now have regained some of the territory lost in this sector.

Meantime, the Russian counter-attack around Orel—aimed at the base of the Voronezh salient—has apparently bogged down. At the same time public demands by highly-placed Soviet officials for a second front are increasing in number. Press despatches from Moscow quote Gregory Alexandroff, Communist Party propaganda chief, as stating that the Russians are holding large forces in reserve against the day when the United Nations can strike coordinated blows from both east and west. Some observers view such a Soviet reserve as a possible reason for the present reported superiority of the Germans in men and matériel on the Southern Front.

The German Successes and the Northern States

The Nazi victories in Russia have apparently created a profound impression in Finland and Sweden. The Finnish press, faithfully following the German line, more than a week ago reported the destruction of the greater part of Timoshenko's armored strength and the failure of the Soviet

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counter-attack around Orel. Three days later the Helsinki newspapers were referring to the "routed Bolsheviks" and were predicting a further attack along the Don "toward the bend of the river, whence the distance to the Volga is short."

Stockholm, while giving the Germans their due, has been somewhat more restrained. *Stockholm Tidningen's* Berlin correspondent began his reporting on July 7 in a moderate vein by pointing out that "territorial gains on the Eastern Front are not of primary importance; but by driving a gigantic wedge between the southern and central sectors, it is hoped to paralyze Russian movements. Large encircling operations seem to be a thing of the past." A day later, he was more confident: "The expansion of the Don bridgeheads means that the Germans now hold all the trumps for future operations." On July 8, he described the Russian counter-attack as "fruitless;" "Timoshenko would seem to have no possibility to regain control of the situation." Two days later, he concluded that the flight of the Soviet forces was comparable to that of the French army in June, 1940. "But unlike the French, the Russians have boundless areas for retreat."

Svenska Dagbladet's Berlin correspondent, quoting the *Schwarze Korps*, has sounded a similar note of caution. The enormous country and endless numbers of the "Bolsheviks" make their total annihilation an impossibility. "Even the biggest offensive could yield only partial results."

An editorial in *Social Demokraten* goes still farther and suggests grounds for Allied optimism: "It was expected that the Germans would have great successes this summer in view of Germany's violent effort to obtain a Russian decision in 1942. There is Berlin talk about a plan to advance to the Volga, where the Germans would halt, but such is only wishful thinking, since the Soviet war won't cease by Berlin order."

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American Scandinavians and the War

Reactions to the war of Scandinavians in the United States must be differentiated from those of Scandinavians in Europe. To the Norwegians, Danes and Swedes in this country, "Scandinavia" is hardly more than a geographic expression. Despite a certain feeling of kinship among American Scandinavians, they have no serious belief in the common Scandinavian destiny as something worth fighting for, and they commonly regard the German conquest of Denmark and Norway not as an invasion of Scandinavia, but as an occupation of two particular countries.

These war attitudes come out clearly in a current survey by the Foreign Nationalities Branch of the Office of Strategic Services. Such attitudes contrast with the growing feeling of friendship and cooperation which has been evident among these peoples in Europe itself during the past three decades. The difference in attitude between American Scandinavians and those abroad is to be explained in very considerable measure by the fact that the former came to this country in the late nineteenth and early twentieth centuries when a very considerable degree of tension existed between Sweden and Norway, on one hand, and Denmark and Norway, on the other. These old quarrels have been perpetuated in this country.

As for the Finns, the American Scandinavians proper apparently consider them as a separate, somewhat unpredictable people, outside the Scandinavian world. Even the sympathy of the Norwegians, Swedes, and Danes in America for Finland in the 1939-1940 war did not draw them closer to the Finns here. For their part, the American Finns feel that they have been deserted by the Scandinavians as well as by the Allies.

In contrast to the generally aloof attitude of the Norwegians, Swedes, and Danes in this country, the Finns have

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always maintained a partisan interest in the affairs of the homeland, from which most of them migrated more recently than the Scandinavians proper. A majority of the Finns follow the Finnish government in maintaining that the Russo-Finnish war is in a special category, and has no real connection with the war as a whole.

Postscript on the Anglo-Soviet Treaty

According to a fairly general interpretation of the recent Anglo-Russian treaty, the renunciation of territorial ambitions by the Soviet Union in that document represents an abandonment, for the present at least, of Russian claims to the Baltic States. Certain recent developments raise the question as to whether this is in fact the present Russian attitude. The statements following are taken from a current memorandum of the Foreign Nationalities Branch of the Office of Strategic Services. They are presented obviously for the sole purpose of clarifying the record and seek in no sense to embarrass the vital current cooperation of this country with the U. S. S. R.

On the occasion of the war parade in New York City on June 13, American representatives of the three Baltic States had planned to march with a mass display of their flags as a proclamation of their independence. Three weeks before the date of the parade, a representative of the New York Consulate General of the Soviet Union protested against the participation of the Baltic units on the ground that the three Republics were a part of the U. S. S. R., having belonged to the Soviet Union when the war began. Nor, he concluded, was there the slightest doubt that the countries would return to Russia at the end of the war. Eventually the parade authorities dropped the whole idea of the mass display of flags.

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The Communist press of this country has further developed this general position. The Communist Lithuanian daily *Vilnis* (of Chicago) recently editorialized: "If the Lithuanian Fascists and appeasers really think they will be independent countries at the end of the war, they are dreaming." Similarly the *Daily Worker* of June 17 states that Baltic independence is "not a question open for discussion." Some think that these countries "should eternally serve the degraded function of pestering and annoying the Soviet Union. Those are now pipe dreams. . . ."

Halt and Preparations in Egypt

The opposing armies in Egypt continue to be locked in stalemate, both sides apparently attempting to recoup, reorganize, and spar in minor actions, while awaiting the arrival of reinforcements and supplies. Infantry, artillery, engineers, and, above all, air power have been playing the principal rôle.

A relative lull was broken over the weekend by an Australian thrust along the coastal road to the Tel el-Eisa ridge about 10 miles west of El Alamein. Two thousand prisoners were reported captured, and 18 tanks destroyed. Several earlier counterattacks on this finger by truck-borne infantry and tanks were repulsed, but a heavy assault on July 14-15 has forced at least a partial Allied withdrawal. The Allies countered with a "limited offensive" in the central sector. On the rest of the front, action has been largely confined to patrol skirmishes and artillery duels, both sides having withdrawn the bulk of their armor to positions behind their forward lines. Intense Allied air attacks have continued to focus on enemy concentrations and supply lines, especially his ports.

Perhaps the decisive factor in the battle for Egypt will be the relative ability of the two sides to supply and reinforce.

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The British have received substantial reinforcements from the 9th and 10th armies and are now believed to enjoy *numerical* superiority in men, tanks, and planes. Further reinforcements are also expected. German Junker 52's are flying troops to the forward area in what is probably a small but steady stream, while Italy is apparently now willing to be lavish with her reinforcements. These are believed to be going primarily by boat direct to Benghazi, Derna and Tobruk, the principal Axis ports of supply. Press reports from Istanbul indicate a concentration of Axis troops in Crete, some of whom have already joined the fighting in Egypt.

No reports are available of the effect on Rommel's supply situation of the three-hour bombing of Tobruk and the shelling of Matruh by the British Navy. But it is believed that previously Rommel's supply situation was adequate, and the Royal Navy's attack indicates that Matruh has been developed as a forward depot supplied by light shipping.

Speculation as to the Next Development in Egypt

The future course of the battle is not clear. The British may be receiving sufficient strength either to offer a successful defense in depth, or to force an Axis withdrawal to easier supply positions. On the other hand, Rommel's efficient tank recovery system has been steadily at work, and, if Allied air and sea attacks have not crippled his supply lines, he may soon be in a position to renew his offensive. If Rommel can force his way beyond the anchor of the Qattara depression, the Egyptian desert opens up and he has an almost unlimited range of action.

A question mark is injected into the campaign by Germany's failure to give Rommel marked air reinforcements in this crisis period, if it is assumed that a vast air pool is still available. Some observers suggest that the Germans may be holding their punch, allowing the British to concentrate in

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Egypt; the attack on the Nile may then later be coordinated with an invasion of Cyprus and Syria.

German Radio Propaganda in Arabic

With the recent successes in Egypt, German radio propaganda has stepped up its campaign of preparing the Arab world for Axis deliverance. On July 3 Berlin issued a joint "Declaration of Independence for Egypt," containing the usual professions of friendship and desire to oust the British and make Egypt a "sovereign state." Three days later the exiled premier of Iraq, Rashid Ali, went before the Axis microphone. Egypt was promised control over the Suez Canal. A system of Pan-Arab solidarity was to be worked out in the future (this is a typically Iraqi twist, since Egyptians have little interest in Pan-Arabism). The announcer then extolled Egypt as the leader of all Arabs in social, educational and political matters. Her future was identified with the future of all Islam.

German radio propaganda has also been working on the old discontents of the whole Arab world—harping on unfulfilled promises of the last war; blaming current economic dislocation on the Allies; stressing Anglo-American support of the Zionist cause; and appealing to the anti-British nationalism of Arab youth. The relative absence of Allied activity in behalf of the Arab cause has made this Axis propaganda more persuasive.

Tension But Quiet in the Near East

The long range effectiveness of this Axis propaganda cannot be evaluated, but as yet there has been little immediate disorder in the Near East. In Egypt fifth column work, riots and panic have been surprisingly absent, and the prime minister has been firm and cooperative. Beneath the surface,

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however, there remains a general tendency to blame the British for Egypt's woes, together with real possibilities of disorder if the crisis should develop. The British kept out of the papers Berlin's declaration regarding Egyptian independence.

In Syria, Iraq and Iran, a state of acute tension and unrest is reported to prevail beneath the surface calm. Powerful elements in the latter two countries at least are apparently ready to welcome Rommel in the near future.

New Prime Minister of Turkey

In Turkey the appointment of Foreign Minister Shukru Saracoglu as prime minister, following the sudden death of Dr. Refik Saydam on July 7, indicates once again that Turkey will continue to pursue its policy of neutrality, according to a close observer of the Turkish scene.

A graduate of Turkey's famous Civil Service School and the University of Lausanne, Saracoglu had been minister of finance and justice before becoming foreign minister in 1938. He has since handled Turkish foreign affairs in complete agreement with his good friend, President Inonu, on the basis of a policy of Turkey-for-the-Turks. A three-weeks-long special mission in Moscow, September 25–October 17, 1939, entailing refusal of heavy Stalinist demands for special privileges in the Black Sea and the Straits, was enough to make him gun-shy of Russia, even had he not inherited the suspicions of his predecessor in the foreign office. On the other hand, Saracoglu has been extremely cordial to American representatives, and, like his chief, is most anxious to avoid any collaboration with the Axis that might imperil Turkish independence.

If the Axis drives continue and Turkey is threatened with envelopment, she will probably be forced to make concessions; but as yet the Turkish press has not gone beyond sharp, reasoned criticism of British defeat in Egypt. The Turks

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have shown irritation at Allied failure to make preparation in proportion to "the decisive importance" of the Middle Eastern theater. Lately, however, there has been some optimism expressed about the Allied stand in Egypt.

Faced with the progress of the Nazi drive into southern Russia, Turkey is reported to have shifted three divisions from Thrace to the Trebizond region of her Black Sea coast.

German Pressures on Laval Increase

Although labor volunteering for work in Germany has progressed until it is now estimated at between 25,000 and 39,000, even members of Laval's entourage doubt the possibility of raising anywhere near the 350,000 men demanded by Germany. Laval's opponents admit that he may be able to enlist some 75,000, but Germany is threatening to draft the larger number. This step Laval is trying to stave off by his campaign for volunteers and by warning the Germans that such a requisition would cause serious internal disorders.

The majority of the volunteers to date have come from Occupied France. Within the Vichy area the largest number have enlisted in Marseille, Toulon and Nice, where the food situation is critical. The communists are said to be filtering saboteurs into the lists of volunteers, and old-line French labor organizations (presumably working underground) are opposing the campaign.

Meanwhile Laval is trying to obtain a token release of prisoners to help his campaign. Despite Laval's statements, it is authoritatively reported that the Germans never consented to any definite plan regarding a worker-captive exchange, and merely told Laval that it might set free some prisoners after he had actually supplied 150,000 laborers. It is also reported that workers whose terms in Germany have already ended will not be permitted to return home,

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and it thus appears that French workers who go to Germany will be there for the duration.

Other pressures on Laval continue to increase. Optimistic predictions of an improvement in the French bread situation have ended with German demands for additional shipments of wheat to the Reich and Belgium. In line with their policy of keeping an heir-apparent in Paris to snipe at the Vichy incumbent, the Nazis are reported to have given Doriot 82 million francs and to have ordered his followers released after a street incident. According to staff officers in Tunis, the Germans have also proposed the formation of a legion of French war prisoners for the retaking of Syria. The American press has again reported rumors of an over-all agreement between Laval and the Nazis involving sweeping concessions; but as yet there has been no confirmation of these rumors.

Nazi Pressure in North Africa

A high French officer indicates that the Germans are currently insisting that the French strengthen their defenses in North Africa, with the alternative that, if necessary, the Germans will do it for them. Meanwhile the vital parts of the French warships at Martinique have arrived at Casablanca, and arrangements are being made for periodic American inspection of their storage there.

A general review of the aid sent to Rommel via Tunisia indicates that more than 3,000 trucks were involved altogether, carrying mostly motorcycles, gasoline, and foodstuffs. Some French 75-mm. guns were also sent, as well as 155-mm. guns and their shells requisitioned in North Africa.

French Fleet

Laval has rejected American proposals that the French warships at Alexandria be placed in a Western Hemisphere

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port or interned at Martinique for the duration of the war. Claiming that such a scheme would be a violation of the armistice terms and "an insult to the honor of France," he appears to be unimpressed with the American promise that the ships would be returned to France at the end of the war. President Roosevelt has made it clear that France's refusal would fully justify Great Britain in destroying these vessels to prevent their falling into enemy hands. Although Laval insists that they be allowed to sail to a French port, it is believed that, should the crisis arise, the ships will either be scuttled by the French or British, or sunk by the British planes, submarines and shore guns at hand. The United States is making an effort to see that the personnel of the French ships are fully informed of our proposals to Vichy.

The Fighting French

The declaration by the State Department that "the government of the United States recognizes the contribution of General de Gaulle and the work of the French National Committee in keeping alive the spirit of French traditions and institutions," together with the appointment of two high United States officers for "consultation" on military matters, has met with the approval of the British and general appreciation among the de Gaullists. The declaration has no political implications and in no sense constitutes a recognition of de Gaulle. Vichy has nevertheless entered a formal protest against these relations with elements which are "in rebellion against the government of France." Vichy considers this act, "an attack on the sovereignty of France."

As part of their celebration of Bastille Day, which was remembered in France by the dynamiting of railways and other acts of violence, the Free French have changed their name and henceforth will be known as the "Fighting French."

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Preparations in Manchuria Continue

With prediction general that the Japanese would attack the Russians in Siberia in the measurable future, Nipponese preparations in Manchuria are continuing. The Japanese convoy sighted recently near Formosa has probably disembarked its troops by now in Manchuria, if that, indeed, was its destination (*The War This Week*, July 2-9, p. 15). An analysis of the Japanese units hitherto stationed in the southwestern Pacific area leads to the conclusion that this convoy may include, in addition to about two infantry divisions, two tank regiments. These regiments would bring the total of such units in Manchuria to eight, or nine, more than half the total number in the Japanese army. Each regiment has about 150 tanks, for the tactical use of which the terrain in Manchuria is well suited. The forces in Manchuria are considered to have the best personnel and equipment available in the Japanese army.

As far as can be ascertained, no division has recently left for Manchuria from Japan, where there are 16 organized divisions and a tank regiment ready, or soon to be ready, for action. Under present conditions these troops are scarcely necessary for the defense of Japan proper, which is divided into 17 military districts, each with a training unit of about 5,000 men, known as a depot division.

The Japanese Strengthen Their Hold on Chekiang

Japanese land forces driving southeast from Li-shui, in Chekiang Province, have cooperated with Japanese sea forces in the occupation of the seaport at Wenchow. Control of this port will aid in consolidating the Japanese position in Chekiang, since they now hold a broad arc curving through the province from Hangchow, a coast city in the northeast, through Chin-hua (Kinhwa) and Ch'u-hsien, the railway

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towns in the west, to Li-shui and Wenchow in the southeast. Whether the Japanese will attempt to occupy all the area enclosed by the arc or whether they will be satisfied with spotting garrisons at strategic points along the curve remains problematical, but their grip on the Chekiang seaboard in any case will have been tightened appreciably.

Chungking claims considerable successes in Kiangsi, including the recapture of Nan-ch'eng, important road center southeast of Nan-ch'ang, and reoccupation of Chang-shu, southwest of Nan-ch'ang. Having completed the occupation of the Chekiang-Kiangsi railroad, the Japanese apparently are content to withdraw their forces from some of the communications centers to the south of the railway, which they seized during the campaign. They also appear notably to have slackened pressure along the Kiangsi-Hunan railway southwest of Nan-ch'ang.

On other Chinese fronts there is relatively little activity. In Melanesia, the Japanese continue their encroachment on the Solomon Islands, where it is now believed they have occupied the Rekata Bay area of Santa Isabel Island.

The Working Committee Backs the Mahatma

A sick and exhausted Gandhi has finally won over the All-India Congress Working Committee, meeting at Wardha, to a program of mass pressure for immediate independence. According to an American observer in New Delhi, the delay in reaching a decision resulted from a three-way split among the Committee members. Gandhi desired to base the projected campaign entirely on the ethical ground of non-violence. Nehru, while fundamentally in agreement with the Mahatma, wanted to emphasize the political aspect of the movement—in line with his program of aid for Russia and China and perhaps also of left-wing democracy for India itself. A minority of three, led by Azad, president of the Congress, opposed the launching of any sort of campaign.

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The resulting resolution is evidently something of a compromise. On the one hand, it appeals for the immediate end of British rule in India, and projects a campaign of mass non-violence in the event that the British reject this appeal. On the other hand, it recognizes the present necessity for stationing foreign troops in India and proposes "to avoid as far as possible any course of action which might embarrass the United Nations' prosecution of the war or encourage aggression by the Axis." In any event, the projected campaign cannot start until after the meeting of the All-India Congress Committee, scheduled for August 7 at Bombay. Meantime, the threat of the coming mass movement can scarcely fail to have a depressing influence on India's war morale.

Although the resolution envisages possible negotiations with the British, our New Delhi observer believes that most members of the Working Committee regard this as a forlorn hope. Yet some Congress leaders apparently think that the current military plight of Britain and the Soviet Union might induce the former to adopt a conciliatory attitude toward India. In that event, our observer feels, the Congress would have to exercise great caution. Otherwise foreigners might interpret Indian acceptance of British advances as a sign of weakness or as approval of the recent appointees to the Imperial War Cabinet and the Viceroy's Executive Council.

India Repudiates the Imperial Stooges

Although there seems to be little doubt of the ability of the recent appointees, Indian public opinion apparently feels that they represent nobody in particular. Three minority groups not previously represented in the Viceroy's Council have gained seats in that body—the Sikhs, the depressed classes, and the non-official Europeans. On the other hand, the Hindus have not increased their proportional

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membership, and the Moslems have actually lost ground, since they hold exactly the same number of seats in the enlarged Council as they did in the old, smaller Council. In an official statement, the secretary of the Moslem League has referred to the whole change as a futile gesture. At the same time even the English press in India has shown no enthusiasm for the elevation of a prince, the Jamsaheb of Nawanagar, to the Pacific War Council, or for the appointment to the War Cabinet of Mudaliar, whom Indian leaders consider subservient to the British, and who is a severe critic of the Congress.

In the opinion of an American observer in New Delhi, hardly any appointment would be calculated to meet with less approval than that of Mudaliar. He concludes that this choice, like that of the others already mentioned, must have aimed simply to impress the United States and other foreign countries. Yet the appointments may even serve to bring discredit on the United States as well as Britain. According to one Nationalist paper, they show that our country is unwilling to exert further pressure in London on the Indian issue. In sum, even a moderate leader like Sapru considers that the appointments may have done more harm than good, since they have simply dramatized the British unwillingness to part with any real power.

Meantime, another moderate, Rajagopalachariar, has resigned from the Congress. His withdrawal is apparently a tacit admission that he has been unable to bring either Gandhi or Jinnah around to his compromise point of view. Furthermore, Gandhi and Azad, president of the Congress, as well as the Congress Committee of Rajagopalachariar's own district of Madras, seem to have encouraged his resignation. Publicly, however, Rajagopalachariar has declared that his withdrawal is intended simply to afford him more freedom for carrying on his current campaign of conciliation.

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APPENDIX I

THE VICHY FRENCH MERCHANT MARINE

From a merchant marine of about 3,000,000 gross registered tons at the beginning of the war, Vichy France now possesses some 450 vessels aggregating 1,655,000 G. R. T., according to data compiled from British sources by the Economics Division of the Office of Strategic Services. More than 700,000 tons are idle, and could be drawn upon by the Axis. Such an eventuality in the near future is not unlikely, in view of the increasingly stringent Italian shipping position in the Mediterranean and the possibility of a German demand for oil tankers to ply the Black Sea if her armed forces reach the Russian oil fields in the Caucasus.

Disposition of French merchant marine

Location	Cargo Vessels		Passenger Vessels		Tankers	
	No.	Tonnage	No.	Tonnage	No.	Tonnage
Inside Mediterranean:						
Trading to North Africa and Corsica.....	83	213,700	14	81,285		
Trading to ports west Gibraltar.....	22	67,915	6	43,128	1	1,743
Coasters inside Mediterranean.....	20	17,419				
Laid up in port.....	84	228,416	42	214,782	39	182,265
Morocco and French West Africa:						
Trading Med. Ports or Iberian Peninsula.....	26	86,643	10	75,282		
Coasters.....	12	27,079				
Laid up or immobilized.....	44	92,964	4	31,679	7	36,022
In Antilles:						
Trading to Antilles and U. S. A.....			4	25,793		
Immobilized.....	8	2,679			8	56,908
Trading.....			6	31,428		
In South America.....	3	15,781	3	30,277	1	7,011
	303	796,986	89	598,077	55	266,000

Since the war began, more than 1,200,000 tons of French merchant shipping have fallen into Allied or Axis hands or have been sunk. Of the tonnage still in the possession of Vichy, roughly one-third of the cargo capacity (320,000 G. R. T.), one-half of the passenger tonnage (350,000 G. R. T.), and virtually all of the tanker fleet (275,000 G. R. T.) have been immobilized, largely as a result of limitations on the scope of their operations imposed by the war. More than one-third of the 715,000 tons of merchant shipping still in use plies between France and North Africa/Corsica. Other important routes are from France to ports west of Gibraltar (Morocco, Portugal, etc.); from French Northwest Africa to Mediterranean ports; and from Morocco and French West Africa to the Antilles and the United States. (The above table shows in detail the disposition of the French merchant marine. The data used covers the month of March 1942 but the picture has remained essentially the same to the present.)

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Axis Control of French Shipping

Articles XI and XVI respectively of the German and Italian armistice terms with France prohibit movements of merchant ships under French control without the permission of the Axis governments. These provisions are enforced by German and Italian Armistice Commissions stationed in the principal Vichy ports of France and Africa. As a result, the French merchant marine has been functioning largely in the service of the Axis.

During 1941, French ships coming from North African, Moroccan and West African ports discharged an estimated 5 million tons of cargo in the ports of Unoccupied France. The cargo comprised foodstuffs and raw materials, presumably to meet the ordinary requirements of the French. However, a substantial proportion of these cargoes, and in the case of some commodities as much as 100 percent, were requisitioned by the Axis governments upon arrival in France. The chief requisitioned commodities were vegetable oils, rubber, mineral oils, phosphates, oil seeds, and fats and hides. So large are the seizures of imports from the French colonies that the Axis governments have made special provisions to receive and forward them.

Most of the commodities shipped to France are from Mediterranean ports. This is no indication, however, of their points of origin. For example, rubber coming from Indochina is shipped generally by rail from Casablanca to Oran, to avoid the possibility of seizure at Gibraltar. In this way Germany obtained 20,000 tons of rubber in 1941 and has hopes of receiving 60,000 tons in the present year.

The French merchant fleet also is used to ship military equipment, much of which is of enemy origin, to Axis forces in Libya. French ships carried trucks openly consigned to Libya from Marseilles up to the end of February, 1942. While this practice has ceased, there is some evidence that such supplies now are being carried on French account to Algiers or Tunis, where on arrival they are requisitioned by the Italian Armistice Commission.

The French merchant marine thus has become one of the weakest links in the British system of contraband control. The Vichy government actually has collaborated with the Axis to reduce the pressure of the blockade by attempting to void the right of visit and search. French captains navigating in the western Mediterranean were instructed on January 21, 1942, to sabotage or scuttle their vessels when British warships were encountered.

New Axis Needs

Sinkings in the Mediterranean since the start of the war (largely as a result of Axis efforts to supply their Libyan forces) had reduced the Italian merchant marine by April, 1942 from 3,400,000 to approximately 1,800,000 gross registered tons, of which at least 200,000 tons were estimated to be undergoing repairs from war damage. This high rate of losses is believed to be creating a shortage of Axis shipping in the Mediterranean at a time when the demands of the Libyan campaign are steadily mounting.

Indirect control of the French merchant marine appears to have been more advantageous to the Axis than outright requisitioning. Doubtless this will continue to be the case so long as ships flying the French flag are less susceptible to attack than German or Italian vessels. But the number of French ships requisitioned will probably now increase.

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tioned will probably now increase. The 700,000 gross registered tons of French shipping tied up or immobilized in Mediterranean ports could be requisitioned without interfering with present French trade movements to and from the colonies. Some 200,000 tons of this total immobilized in the Mediterranean are cargo vessels, 300,000 tons passenger vessels, and 180,000 tons are tankers.

Some part of this tanker tonnage probably would be demanded if the Germans reach the Caucasian oil fields. This is the more likely since the refineries in the Caucasus would certainly be destroyed by the retreating Russians, leaving the Germans with the necessity of transporting the crude product across the Black Sea to Rumanian plants.

These refineries are thought to be capable of handling the additional 4,000,000 tons per year of crude oil now processed at Baku, Batum, and Grozny. But to transport the crude from Batum to Constanta would require the continuous use of 175,000 tons of tanker capacity. Italy has a tanker fleet of about 175,000 to 200,000 tons, about 100,000 tons of which are needed for the Libyan campaign. The deficit could be made up by requisitions on the French fleet and still leave Vichy with a large tonnage of idle vessels.

APPENDIX II

ANTI-AXIS INVESTIGATOR—RAÚL DAMONTE TABORDA

Raúl Damonte Taborda has emerged in the past two years as one of the most prominent young leaders of the Radical Party in Argentina. Self assured and handsome, he has reached this position at the age of 33 by astutely taking advantage of opportunities to further his career and by demonstrating great ability as head of the Chamber of Deputies Committee to Investigate Anti-Argentine Activities. Although too young to be considered seriously for candidacy in the 1943 presidential election, Damonte Taborda would almost certainly figure prominently in any government organized by his party, should it capture the presidency, according to a current memorandum prepared in the Latin-American Section of the Office of Strategic Services. In any event, he is the outstanding leader of the anti-Axis forces in Argentina, and as such has consistently and ably espoused the United Nations cause, both in his own country and elsewhere in the Western Hemisphere.

Born in 1909 of a poor family, Damonte Taborda has been a high-school teacher, journalist, and lawyer. While attending the National University of Buenos Aires, he was a leader in the student movement. At 18 he became a reporter on the newspaper *Crítica* and joined the Unión Cívica Radical (U. C. R.), Argentina's largest political party. After the U. C. R. was unseated through the military coup of September, 1930, Damonte Taborda represented the party's National Committee at provincial branches of the U. C. R. In 1934-35 he was a political exile, living for a while in Montevideo, then in Rio de Janeiro.

Returning to Buenos Aires in 1935, he again joined *Crítica* as a reporter, and in the next few years his advancement was rapid as he found and took advantage of

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opportunities to further his career. He became the main link between *Crítica* (probably the most influential evening newspaper in Argentina) and the leaders of the U. C. R., thus establishing important political friendships. He also became an intimate of Natalio Botana, owner of the newspaper, and finally married Botana's daughter. In 1937 Damonte Taborda was made editor of *Crítica*, a position he held until 1940.

With his U. C. R. connections and the support of his paper, Damonte Taborda was launched on his political career. In 1938 he was elected National Deputy for the Federal Capital, and in 1942 was reelected in a thumping personal victory which demonstrated his meteoric rise in popularity.

Damonte Taborda began to attract attention in 1938 when, with the Socialist Deputy, Enrique Dickman, he launched attacks on Nazi activities in Argentina. These debates led to the appointment in June, 1940, of the Committee to Investigate Anti-Argentine Activities, with Damonte Taborda as chairman. It is charged that his principal interest in heading the committee was in getting personal publicity—and the resulting publicity did prove to be world-wide—but the results of the committee's work proved very salutary nonetheless. With fully documented evidence, Nazi activities in Argentina were exposed more conclusively and completely than in any other country in the Western Hemisphere. These results were all the more notable in view of the overt opposition to the committee shown by the executive branch of the government and by the police forces. At present a National Deputy and the Secretary of the U. C. R. National Committee, he continues to be an outspoken critic of President Castillo's "prudent neutrality" policy, and of the reactionary domestic policies of the government.

One incident in Damonte Taborda's history requires some clarification. It is charged that he was engaged in the "white slave" traffic when he lived in Rio de Janeiro in 1935. This charge appears to be based on a Rio de Janeiro police dossier, prepared under the direction of pro-Nazi Police Chief Felinto Muller. The dossier itself contains only the flimsiest evidence to support the charge. There is no question but that the story has been spread by German agents in an effort to discredit Damonte Taborda by reason of his attacks on Nazi activities in Argentina.

APPENDIX III

BRAZILIAN OPINION AND THE AXIS

Glib attribution to Brazilians of pro-Nazi or pro-Ally sympathies is often a dangerous oversimplification of a situation in which most of that country's citizens are pro-Brazilian above all else, according to a current memorandum of the Latin American Section of the Office of Strategic Services. Brazilians on the whole are motivated by what each conceives to be the best interest of his own country. Brazil is not a strong nation, except in economic potential, and Brazilians trim their sentiments toward other peoples in accord with their apprehensions.

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Opinion within the Brazilian army is a case in point. Until six months ago, the average Brazilian army officer did not fear Germany so much as he feared Argentina, Communism, and the United States (in that order). Many officers had lived or studied in Germany and had been exposed to German ideology in a seductive although no doubt distorted garb. Partly out of these associations grew the Brazilian Integralista Party with its Nazi-Fascist tendencies.

On the other hand, Argentina had been Brazil's proverbial enemy. The mention of invasion always conjured up visions of the Argentine border, where the annual maneuvers were customarily held. Military officers—and Latin American conservatives generally—view Communism as a major danger to their established institutions. Russia's place in the world struggle does not help to endear the Allies to Brazilians in whom Hitler's so-called "crusade against Bolshevism" had previously struck a responsive chord. Finally, many officers and Brazilians generally felt a deep-seated fear of the United States, engendered by decades of strong-arm policies, which a shorter period of good neighborliness had not been able to overcome.

Recent events have done much to obscure these earlier apprehensions, especially among civilians. U-boats have torpedoed Brazilian vessels with resultant casualties of Brazilian nationals. The government has permitted the publication of news illustrating actual Nazi aims and objectives. Japan's alignment with Germany has increased the fear of both.

The Integralistas

The most significant organized force of fascist character in Brazil is to be found in the Integralista Party. The latter supports an ultra-nationalistic program which fosters extreme patriotism and military spirit. On the whole its program is foreign to the Brazilian way of thought, but it has gained the support of numerous army officers. Many who enrolled did so out of patriotism and a resentment against Yankee domination. The majority, even before Pearl Harbor, were hardly pro-Nazi; they merely feared the Anglo-Americans more than the Germans.

Some of the leaders, however, were not averse to seeking Nazi cooperation; in fact, a letter addressed to Rudolph Hess in January 1935 explained the aims of the party and asked help. The German government responded with its blessing and perhaps some financial support. Probably the rank and file of the party remained in ignorance of these machinations.

Plinio Salgado, the exiled Integralista leader, has recently exhorted his party to be loyal to President Vargas. None the less the party still presents some danger for Brazilian institutions. The most effective way to decrease the party's prestige, it is felt, would be to publicize its fundamental policies. This Brazilian newspapers are already doing. Although most Brazilians are politically apathetic and not inclined to combat small pressure groups, there is a strong undercurrent of resistance to fascist ideology. Moreover, the very superpatriotism of the Integralistas themselves would no doubt align them solidly against any foreign power, whatever its ideology, that attempted to infringe the territorial sovereignty of Brazil.