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converted carrier (erroneously reported as the *Ryukaku*), lost in the Coral Sea engagement.

#### *Dieppe and German Air Power*

The Dieppe raid on August 19 resulted in the heaviest engagement of Allied and Axis air forces since the peak of the Battle of Britain in September, 1940. The Germans, who have been reluctant to accept battle in the frequent British daylight sweeps over France and the Low Countries, apparently could not risk the chance of invasion which a land attack in force implies. In the resulting action they lost heavily in air casualties—perhaps as many as 170 planes lost and 140 damaged, if both combat and accidental losses are taken into account.

Further incursions on German air power, at the scale set by the Dieppe raid, would weaken German first-line plane strength appreciably, according to our current analysis of the German air position (see Appendix I). The total combat strength of the *Luftwaffe* already was declining by at least 20 to 120 planes each month—the estimated average rate at which German losses exceeded production in the three months, May to July. For the first time, apparently, the German Air Force is feeling the strain of its far-flung commitments, and would hardly welcome many repetitions of the Dieppe affair.

#### *Reactions on the Continent to the Dieppe Raid*

The Dieppe raid was given an extraordinary amount of attention in the Axis press and radio. The general picture presented was that an ill-planned invasion attempt had been undertaken, but had been repulsed with heavy losses by Germany's "line of iron". Axis and collaborationist propaganda showed confusion in their simultaneous assertions (1) that Stalin had given Churchill a 12-day ultimatum for the

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launching of a second front, and (2) that German forces had defeated an invasion based on months of planning. There was no single propaganda "line", but Axis propagandists widely emphasized the point that Nazi forces repelled the attack without having to call on reserves. In the general tide of jubilation some observers noted an undercurrent of relief.

First reports from France indicate that a considerable percentage of the population applauded the action, although regretting that it was not the long-hoped-for establishment of a second front. The British broadcasts, announcing that it was only a commando raid and that Frenchmen were therefore not to jeopardize their security by hostile action against the enemy, appear to have made a favorable impression in all quarters. The collaborationist Vichy Information Ministry, however, has followed the German line and endeavored to convince the French that a British invasion attempt has been defeated.

#### *Attack Expected in Egypt*

Rommel is expected to launch his long-delayed offensive in the next few days. Axis forces have been reinforced and regrouped, and the 19th Light Division (which has been part of the spearhead of previous attacks) has been shifted to the southern end of the line near the Qattara depression, according to press reports. The increased activity of motor transport and aerial reconnaissance in the southern sector indicates preparations for an attack. The British have engaged in harassing actions.

Rommel is now believed to have approximately 70,000 combat troops at his disposal, although some estimates of his total forces run higher. More than half of these are Germans. Precise knowledge of Axis armored reinforcements is lacking, but enemy tank strength is placed by some observers at

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about 400. Paratroops, frequently reported in Crete, have also appeared in Egypt. To date they have been used exclusively as infantry.

Extensive Allied attacks on enemy ports, shipping, lighters, motor transport, and supply dumps have seriously complicated Rommel's problem, and may have forced him to delay his attack until the present. However, considerable tonnage has been reaching North Africa despite Allied plane and submarine assaults, and in general it is assumed that Rommel has been able to accumulate sufficient supplies to sustain active operations. He is probably now making some use of the railroad. The pressure on his supply lines may urge him not to delay his attack any further.

The British have also received added strength. Allied forces have a clear superiority in air power which the enemy has not as yet attempted to overcome. Whether Rommel is given large reinforcements in aircraft at this critical juncture may possibly offer some guide to the quantity of German air reserves available at this time.

In Cairo Churchill had lunch with Premier Nahas and a brief interview with the King. The latter parried Churchill's efforts to get down to brass tacks with remarks verging on levity, and did not favorably impress his guest.

#### *Anglo-French Tension in Syria*

There has been no relaxation of the acute situation that came to a head with De Gaulle's arrival in the Near East. (A sketch of the background of Franco-British relations in this area appears in Appendix IV.)

De Gaulle has made it clear that the Fighting French can cooperate with the United Kingdom in the Levant only if the British there refrain from political interference in local affairs. They must respect French "rights" as defined in the several agreements to which, De Gaulle asserts, the French have

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faithfully adhered. He discounts the British explanation that their present political activities are necessary on grounds of military security, and implies that the British aim is to displace the French in the area. While lamenting the effect of this controversy on the whole Arab world, De Gaulle is prepared to use force against the British if a solution is not worked out.

Although insisting on the maintenance of France's position in the mandate, De Gaulle states that the Fighting French have declared the independence of the Levant states so far as is compatible with war conditions. Elections will come "as soon as the situation permits." De Gaulle is now at work trying to improve French relations with local leaders.

Meanwhile the British show no sign of altering their policy. For instance, General Spears this week summoned the Syrian Government to a formal meeting. While recognizing that France enjoys the political initiative in the Levant, Churchill cannot agree that British agents are meddling beyond their necessary military concerns. Besides her business and army interests in the area, Britain is committed, along with the French, in the declaration of freedom for the Levant made by Catroux in 1941. The British government considers the De Gaullists' status in the Levant to be different from that of previous regimes, but hopes that the cooperation of the Fighting French may be obtained.

In a more general way De Gaulle has emphasized that the Fighting French must maintain France's rights intact all over the world, or they would have no reason to justify their being. To have French help in the war and in the coming peace, the Fighting French must be treated as an independent ally. Any other action or status, he insists, merely lends color to the propaganda of Vichy and the Axis. The Fighting French in London are also disappointed with the failure of the United States to extend to them "political" as well as "military" recognition.

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#### *Laval's Position at Vichy*

New evidence that the Germans may be planning to keep Laval in power, at least for the time being, appeared in a D. N. B. article from Berlin that was carried in all the Paris press except Doriot's *Cri du Peuple* (and even that has ceased its attacks on Laval). The article praises Laval as the first Frenchman who adheres without reserve to the "Montoire policy" of collaboration, and who recognizes that France's first objective must be an accord with Germany inside the New Order. Laval and Pétain have created a "climate of confidence" and a new internal order, it states, despite difficulties which Germany fully appreciates and is endeavoring to help Vichy overcome.

On the other hand, recent visitors in Vichy returning to North Africa have expressed the belief that Laval's present tenure of office may not last beyond October.

A clash between Laval and Guerard, the Secretary General to the Chief of the Government, is reported from Vichy. The conflict is supposed to have arisen from a clash of personalities and from Guerard's willingness to agree to full military collaboration with the Axis if the French warships at Alexandria were sunk. Laval, according to this report, was unwilling to adopt such an extreme policy. He is therefore trying to have Guerard transferred, probably to a ministerial post; but the latter's close relations with the Nazis are alleged to make this transfer a delicate matter.

#### *Economic Conditions in France*

A report from Vichy, describing economic conditions in France in the early summer, states that, while crops on the whole were expected to be quite good, the lack of fertilizer, farm implements, lubricants, chemicals, cattle fodder, and agricultural labor is causing considerable concern. Domestic

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commerce is greatly hampered by lack of merchandise, administrative regulations and delays, and the lack of transport facilities. The wine trade has apparently all but ceased. Trade with the North African colonies has been active, especially with Morocco, but France is unable to supply the needed industrial products in return. International commerce has consisted almost exclusively of exports to Germany, while commerce with such foreign countries as Switzerland, Spain, Hungary, and Finland has constantly diminished.

To ease the economic situation in the Empire, Vichy has requested that trade between the Antilles and Morocco be allowed to resume, under conditions similar to those existing prior to the entry of the United States into the war.

#### *News From French North Africa*

In the guise of students, Germans are reported to be going to North Africa for the purpose of working on the natives. Meanwhile the German press continues its agitation about Morocco.

Morale in French Morocco is reported to be very low, a fact attributed to Axis successes in the east and to the general feeling that Vichy is disintegrating and is not supporting the French in Morocco. Any move to replace Laval by Doriot or Déat would give an impetus to the separation of the French Protectorate from Vichy, one informant believes. Meanwhile Vichy has forbidden the departure of United Nations citizens from Morocco, regardless of age or sex; but there are indications that Vichy has not yet reached a final decision on this question.

Evidence of firmness appeared in a report that after the recent convoy battle in the Mediterranean, a French Admiral demanded the release of British prisoners on board an Italian *vedette* within French territorial waters. He sent French police aboard the *vedette* and removed the prisoners. The

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Italian Admiral replied by issuing orders that Frenchmen who engaged in such activities in the future would be fired upon.

*Optimistic Note From Spain*

A well-placed American observer feels that Spain is without aggressive intentions in North Africa. Spain is strengthening herself in the Canaries for defensive purposes, our observer believes, and is determined to stay there even if it means diverting strength from North Africa.

Another report, however, suggests that Spanish restraint regarding Morocco may be due to Germany's withdrawal of her support of Spanish annexationist demands. At the same time the Germans are reported to be increasing their pressure on the Spanish to speed up the construction of their coastal defenses in northwest Spain.

The Caudillo's office has ordered the Spanish press to publish United States communiqués, and this is now being done by even the Nazi-owned *Informaciones*.

Friction between the Falange and the Monarchists flared up when prominent Falangists tossed grenades into an assembly at Bilbao. Several people were killed and injured. The attack is believed to have been directed at Varala, the War Minister, who is a Royalist, although not actively involved in any restoration efforts.

*India: The New Pattern of Civil Disobedience*

In India, the third week of revolutionary outbreaks has been considerably calmer than its predecessors. Yet American observers concur in stating that this apparent lull is only the calm before the storm. Under cover of the current hooliganism, Congress leaders have methodically proceeded with their organization of the real campaign of civil dis-

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obedience. Devadas Gandhi, son of the Mahatma, is reported to have declared that the British have only a few days in which to "come to their senses"; after that, he warns, the movement will have achieved such momentum that even the elder Gandhi will not be able to stop it.

In general, reports suggest that the outbreaks of disobedience have already begun to show more signs of correlation and direction. Although the cities have been calmer than in previous weeks, the countryside has been a good deal more agitated, and disorder has spread to the native state of Mysore. At least two strikes are now perceptibly affecting India's war production—one at the Hindustan aircraft plant at Bangalore, and one at the Tata iron and steel works at Jamshedpur. In the latter plant, where 4,200 out of approximately 4,800 skilled workers have walked out, the strikers say they will not return to work until India has a national government. Unconfirmed reports from Calcutta state that walkouts have forced the Steel Corporation of Bengal to shut down; this plant and Tata produce 90 percent of India's steel. Official spokesmen maintain, however, that India's war effort has not yet been seriously curtailed, and that special methods of transport are keeping up the distribution of coal, despite the current disorganization of the railroad system. To this disorganization heavy rains and floods in northwest India have added, and in certain areas food is becoming increasingly scarce.

*Pressure for Conciliation; the Moslem Stumbling-block*

Although the Viceroy has refused to consider a letter sent to him from prison by Gandhi, the most diverse political groups are now apparently putting pressure on the Government to temper repression with conciliation. Even such conservative newspapers as the *Times* of India are suggesting some sort of settlement. Fazlul Huq, Premier of Bengal,

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has sent a telegram to the Viceroy (to be passed on to President Roosevelt, Churchill, Stalin, and Chiang Kai-shek), stating that the freedom and peace of the world demand a compromise in India. Sir C. P. Ramaswamy Aiyer, Information Member of the Viceroy's Executive Council, and generally conceded to be one of its ablest members, has resigned from that body. His ostensible reason was the pressure of his duties as prime minister of the state of Travancore. An observer on the spot suggests, however, that his resignation is actually expressive of his disapproval of the Government's current policy, particularly as regards the press.

Hopes of compromise hinge to a great extent on the Moslem League and its leader, Jinnah, to whom Rajagopalachariar has already addressed a powerful appeal. In a recent conversation, however, Jinnah has displayed a fundamental distrust of the Congress and a stubborn insistence on his pet idea of *Pakistan* (the creation of a separate Moslem State). Similarly the Working Committee of the Moslem League has passed a resolution stating that the League would be willing to enter into any provisional government of India—provided the British pledge themselves to hold a plebiscite on the *Pakistan* issue and to abide by the results of that plebiscite. According to one American observer, the League, far from moderating its stand, has now spoken out for *Pakistan* more boldly than it did last winter, since the Cripps proposals have proved that the British are willing to go a long way toward complying with its extreme demands.

Meantime available evidence suggests that the Moslem League is far less representative a party than the casual American newspaper reader might imagine. A report from New Delhi states that its financial backing comes chiefly from the Indian princes (Hindu and Moslem), the British financial community (especially in Calcutta), and the large Moslem landowners—all groups that are interested in averting a

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radical settlement of India's problems by playing the League against the Congress. The last group especially is apparently in considerable dread of the Congress' socialistic doctrines on land tenure. Moreover, a recent resolution of the conference of Moslem divines, the Jamiat-ul-Ulema, supporting the general position of the Congress rather than that of the League, would suggest that this latter body does not represent the views of Moslem theological orthodoxy.

#### *Chungking Challenges Russian Influence in Sinkiang*

Sheng Shih-ts'ai, the Governor of Sinkiang, is being persuaded by Chungking to bring his largely autonomous and Russian-influenced province under the authority of the Kuomintang and of the Central Chinese Government, according to a highly placed observer in Chungking. Sheng has already shown himself agreeable to the proposition that all transport matters within his province should be supervised by Chungking Government personnel.

Forthcoming exchanges of Russian gasoline for Chinese strategic materials, which our observer reports will take place shortly in spite of the fact that no formal agreement between China and Russia has as yet been concluded, will make control of Sinkiang communications attractive to Chungking. Moreover, Sinkiang produces some 25,000 gallons of gasoline monthly, and production can probably be stepped up. The whole development, according to our observer, is an effort to take advantage of the U. S. S. R.'s present weakness to gain control of the oil and communications of Sinkiang.

How far Sheng Shih-ts'ai will go in the way of cooperation with Chungking is not yet clear. Sinkiang has long been practically autonomous with regard to China, and it has been tied to Russia economically ever since the completion of the Turk-Sib railroad in 1930. Sheng himself achieved

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power in 1933 largely through Russian aid, and he has constantly drawn on Russian assistance in money, materials, and technical assistance, to consolidate his position. Russian troops have occasionally intervened to aid Sheng against uprisings of the Tungans (Chinese Mohammedans) or of the local Turki majority, and Russian garrisons are found today in various towns of the province.

Several factors, however, may impel Sheng to lean toward Chungking. Chinese Central Government troops are now stationed in North Kansu, where they make a direct contribution to Chungking's influence on Sinkiang. Moreover Sheng appears to be having troubles with Communist groups within his province. These Communists, unlike those in Kansu or Shensi, have direct Russian support, are very powerful, and operate in the open, according to our observer. Sheng may well be utilizing Chungking to rid himself of these competitors, while at the same time he counts on Russian proximity to spare him from too great subservience to Chungking. That important negotiations may now be underway is indicated by an unverified report that Chiang Kai-shek has been in conference with Sheng at Lanchow.

#### *Chinese Gains in Kiangsi and Chekiang*

Chungking has claimed the recapture of many of the towns along the Hangchow-Nanchang railway, including Kuang-feng, I-yang, Heng-feng, Kuei-chi and Shang-jao. Chungking has also announced the recapture of Wenchow, important port in southeast Chekiang, and the seizure of Lin-ch'uan (Fu-chou), the Japanese base in Kiangsi which American army flyers bombed some weeks ago. These various Chinese claims seem to indicate a fairly general Japanese withdrawal eastward toward the Chekiang seaboard, and westward toward Nanchang. Chungking claims also that

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Chinese troops are pressing toward Ch'u-hsien, railroad and airport city of central Chekiang—a base the Japanese were not expected to relinquish. If the Chinese should now recapture Ch'u-hsien, it would be strong evidence that the Japanese are willing to write off many of the gains which they made in Chekiang this spring and summer.

#### *The Elusive Japanese Army*

The advance of Chiang Kai-shek's armies in east central China against weakened Japanese forces poses an enigma: where the strong Japanese units previously in that area have disappeared—northward for a possible attack on Siberia or southward against India or Australia. Some Japanese newspapers have appealed frankly for the former course, urging the abandonment of any plans against India and concentration on Siberia in order to exploit Russia's present embarrassment. Despatches from Tokyo have even intimated a military agreement with Hitler to invade Siberia as soon as General von Bock reaches a specified—but undisclosed—locality in Russia proper. Another reason for delay may be that Japan hopes to wait until some time in September when the bulk of the Japanese fish catch in Siberian waters will be completed.

A report from a well-placed observer tells of a Japanese troop concentration in Kalgan at the edge of the central Mongolian plateau. To substantiate this report, word has arrived that a Japanese division moved northwards a fortnight or so ago to Kalgan from Taiyuan, in central Shansi province. The observer understands that the concentration, by threatening Russian dominated northern Mongolia, aims to give more force to a forthcoming Japanese attempt at mediating a compromise peace between Stalin and Hitler.

The Japanese War Office has announced the appointment of two new generals to command the headquarters of the

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Central and Northern Defense Areas in Japan proper, which changes may indicate an endeavor to strengthen home defense against anticipated Russian or American air raids.

#### *Japanese Defensive Outpost in the Aleutians*

There is as yet little indication that the Japanese will be able to use their foothold at Kiska for an advance along the Aleutian chain. They are now employing only fighter seaplanes at that point, indicating the absence of carriers and the lack as yet of a field for land-based planes. The hard rock (overlaid by little or no soil) makes the construction of an airfield a difficult task. Aerial reconnaissance, however, has disclosed a new camp on the western side of Kiska Bay, whence a road has been completed to what is probably the best site for an airfield, although even this is none too good. American air raids, carried on under the handicap of almost continuous fogs, while seemingly fairly effective against shipping in the harbor, probably only temporarily obstructed the preparation of the field and the industrious consolidation of land defenses. Since our reasonably successful air and surface raids of the early part of this month, the Japanese have camouflaged their camps and gun emplacements in preparation for September, the clearest month of the year. Their anti-aircraft fire is effective.

If they succeed in completing their airfield, it will be just as difficult for them to operate against our Aleutian bases as it is for our planes to operate against their bases. Until the Japanese finish their airfield at Kiska, they can use only seaplanes, whose range is not long enough for them to reach our bases. Despite these offensive difficulties, Kiska is already an effective defensive outpost.

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#### *Brazil's Declaration of War*

Overcoming the initial hesitation of the Army high command, which urged the government to limit its retaliation against Axis sinking of Brazilian shipping to economic reprisals, President Vargas on August 22 finally issued the decree which declared Brazil at war with Germany and Italy. This marks the culmination of a 10-month period of increasingly positive pro-United Nations orientation on the part of the Vargas government, including closer military and economic cooperation with the United States, the elimination of prominent Fascists from the Government, and the beginnings of a rapprochement between Vargas and long harassed Brazilian pro-democratic elements.

The declaration of war is expected to accelerate these tendencies. The defenses of the northeast bulge, invasion gateway to the entire continent, will be strengthened. French Guiana, Vichy's base adjoining the all-important bauxite mines of Surinam, will be placed under increased surveillance. Full mobilization and early strengthening of the Brazilian army will also offer greater protection against a sudden uprising by the German colonists in Rio Grande do Sul and Santa Catarina (see Appendix II, "Axis Colonies in South Brazil"). Outright confiscation of Axis shipping and banking houses represents the first effective economic measures taken against Axis interests. Further progress in dealing with the clandestine fifth column can also be expected, as well as an eventual truce and perhaps a working agreement between Vargas and his political enemies of recognized anti-Axis convictions, such as the imprisoned Communist leader, Luiz Carlos Prestes.

For Latin America as a whole, Brazil's entry into the war will serve as a powerful anti-Axis stimulant. Reports from Chile indicate a growing anti-Axis feeling in government circles which may hasten the recent trend toward a break in

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relations with the Axis. The most serious repercussions of the Brazilian declaration of war are likely to occur in the Rio de la Plata region. Tension is apt to increase in Argentina, where widespread popular anti-Axis feeling exerts constant pressure against the pro-Axis Castillo government. Castillo, however, will probably not make any important concessions to this pressure. There are the further possibilities of a Nazi-inspired "incident" on the Argentine-Brazilian border, or of disturbances among the colonies of people of German descent in South Brazil. In Uruguay, the Government doubtless fears that a declaration of war might involve the country in Argentine-Brazilian difficulties.

Several Latin American countries including Argentina, Chile, Uruguay, Peru and Bolivia, have already declared Brazil to have the status of a non-belligerent, and the other countries are expected to follow this lead promptly.

Significant also is the widespread enthusiasm of the Brazilian people for the war, an enthusiasm which far exceeds that of any other belligerent Latin American country. Violent anti-Axis demonstrations are reported from most Brazilian cities, from Manaus to Porto Alegre. Large scale destruction of German and Italian property took place with the tacit approval of the government. In Porto Alegre, for example, the police were instructed to prevent fire and robbery, but not to intervene otherwise in the protection of property belonging to Axis nationals or to Naziophile German-Brazilians.

#### *Portuguese Expressions of Sympathy for Brazil*

The sympathy of the Portuguese people for Brazil was expressed in a flood of friendly telegrams from all parts of Portugal and all classes of people. But the Brazilian declaration of war has complicated the balance that Salazar has been maintaining—a balance of neutrality toward the belligerents

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combined with close association with Spain and Brazil. Salazar weighs carefully his relations with the Axis.

A mixture of cultural, economic, and strategic considerations therefore probably shaped Portugal's official statement. This communiqué reaffirmed Portugal's strict neutrality, but declared that it was never intended to affect historic bonds, and wound up by expressing brotherly esteem and moral solidarity with Brazil "in the defense of that which it considers its honor and its right". No amplification has been given of the meaning of this communiqué; it has been variously interpreted, but with general agreement that Portugal intends to continue a cautious policy.

The Portuguese press, after pausing to receive its cue, has stressed the friendship between Brazil and Portugal. One paper, *A Voz*, stated in an editorial that "crimes committed against Brazil have found an echo in Portuguese public opinion as though they were acts of violence committed against Portugal."

#### *Visit of Chile's President to the United States*

The impending visit to the United States of President Rios of Chile indicates to certain qualified observers that a diplomatic break between that country and the Axis has become more likely, and that it may precede the presidential visit, scheduled tentatively for October. During his recent trip to Santiago, Chile's Washington Ambassador appears to have corrected the impression among certain Chilean government leaders that the public in the United States has approved Chile's neutral position. Ambassador Michels was able somewhat to allay Chilean resentment over wartime shortages of gasoline and other necessities, and perhaps to reassure his government concerning our ability to assist Chile in defending itself against possible attack. There are indications that President Rios may prefer to time a break in relations so that it comes before his visit.

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#### *The New Cuban Cabinet*

The new Cuban cabinet, which was appointed on August 16 after an acute governmental crisis, (*The War This Week*, August 13-20, p. 22) includes members from neither of the opposition parties and from only three of the seven parties which form the government coalition. One of the opposition parties, the mildly liberal *Partido Revolucionario Cubano*, led by Grau San Martin, precipitated the crisis by refusing to endorse President Batista's appeal for national unity and for the suspension of politics during the war. They likewise declined to accept any cabinet position. The other opposition party, the conservative A. B. C., however, agreed to support the president.

Within the government *Coalición Socialista Democrática*, the chief obstacle to the formation of an all-party war cabinet came from the *Demócrata* party, the strongest element in the coalition. They refused to participate in any cabinet which included a representative of the *Unión Revolucionaria Comunista*, the Cuban Communist party, even though the latter party reaffirmed its complete support of Batista's war program. By an arrangement designed to exclude the Communists, the *Demócrata* party yielded the post of prime minister to a Liberal, Ramón Zaydín, former president of the Cuban Chamber of Deputies. One of their members, however, José Augustín Martínez, who had been minister without portfolio, received the post of Minister of State. Other cabinet changes were insignificant, affecting only the Departments of Health, Public Works, and Agriculture.

Including members of the *Liberal*, *Demócrata*, and *Nacionalista* parties and five members without party affiliation, the new cabinet has only a slightly broader party representation than the old. While all the coalition parties have agreed to support it, most of them, particularly the *Unión Revolucionaria Comunista*, consider it inadequate for the war needs of Cuba and believe it will be short-lived.

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#### APPENDIX I

#### THE DIEPPE RAID AND GERMAN AIR STRENGTH

The United Nations' raid of August 19 against German forces in Dieppe resulted in the heaviest engagement of Allied and Axis air forces since the peak of the Battle of Britain in September 1940. Prior to the raid, the German Air Force had apparently been avoiding full-scale combat with R. A. F. fighters in their sorties over France. The Dieppe raid, with its accompaniment of attack and high-altitude bombers and screens of fighter planes, forced the German Air Force to give battle. As a result, the G. A. F. suffered casualties on a scale which, if it were to continue even for a short period, would make serious inroads on German air power, according to a memorandum prepared by the Economics Division of the Office of Strategic Services.

#### *German Air Casualties*

The Air Ministry report for the Dieppe raid claims 93 German planes shot down, 39 "probably destroyed," and 140 damaged—272 planes in all. Experience suggests that half of the "probably destroyed" and 30 percent of the damaged planes may be counted as actually destroyed. If these percentages held true in this case, a total of 155 German planes were shot out of the air. The remaining 117 planes are treated as damaged and may be expected to be out of action for an average of two months while they undergo repairs.

Air Ministry reports do not as a rule include estimates of planes destroyed or damaged on the ground as a result of strafing or bombing attacks. Nor do they attempt to estimate enemy operational accidents which inevitably occur in an engagement of the character of Dieppe. Flying Fortresses of the U. S. Army Air Force attacked a German fighter airdrome at Abbeville, and while no claims were made, planes undergoing repair in hangars were doubtless destroyed or damaged, and flying accidents probably were increased as a result of damage to runways. With the inclusion of a conservative allowance for losses on the ground and in accidents behind the lines, it may be estimated that the Dieppe raid resulted in the total loss of 170 German planes and damage to 140 more.

#### *Monthly Rate of Losses in Western Europe*

Losses in the one-day Dieppe action were considerably above the average monthly rate of loss in the western European theater for the three previous months. Air Ministry reports of enemy losses in the Metropolitan Area, which include German bombers shot down over England as well as enemy planes destroyed by the R. A. F. over the Channel, France and the Low Countries, present the following figures:

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	Destroyed	Probably Destroyed	Damaged	Estimated Total Destroyed <sup>1</sup>
May.....	89	20	69	134
June.....	128	37	123	204
July.....	47	12	32	70
Average.....	88	23	75	136

<sup>1</sup> Including customary proportions of total losses in "probably destroyed" and "damaged," together with allowance for operational non-combat losses.

The apparent hesitance of the G. A. F. to engage the R. A. F. in western Europe on a full-scale, until forced to do so by the Dieppe raid, may be explained by the fact that the German position in air reserves has become somewhat strained.

#### German Production Figures

That German air reserves are under strain is attested by the daily operational intelligence of the R. A. F. and by the fact that G. A. F. losses of combat planes in all theaters, estimated on a minimum basis, almost equalled production in May and were in excess of output in June and July.

German production of combat aircraft, according to best current estimates, is about 1,250 planes per month. Total airplane output, including training types and transport planes, is of course in excess of this figure but probably below 2,000 planes per month. Of the 1,250 combat types produced monthly, 200-300 are required each month for use in operational training of new crews. The remaining 950-1,050 are available each month for allocation to theatres of war or to build up reserves.

#### Losses Inflicted by the R. A. F.

The R. A. F. engages the *Luftwaffe* in western Europe, in the Mediterranean (including Malta, Sicily, Libya, Egypt, etc.), and in northern Norway. Air Ministry reports of losses in these three areas for the months of May, June and July were as follows:

	Destroyed	Probably Destroyed	Damaged	Estimated Total Destroyed <sup>1</sup>
May.....	223	88	222	370
June.....	222	74	215	360
July.....	352	110	318	559
Average.....	266	91	252	430

<sup>1</sup> Including customary proportions of total losses in "probably destroyed" and "damaged," together with allowance for operational non-combat losses.

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#### Losses on the Eastern Front

German air losses on the Eastern Front are quantitatively more important than casualties inflicted by the R. A. F. Unfortunately, the only information emanating from this theater consists of German and Russian admissions of their own losses and claims of casualties inflicted on the enemy:

	German Losses		Russian Losses	
	German Admissions	Russian Claims	Russian Admissions	German Claims
May.....	152	1,419	500	1,551
June.....	145	1,640	618	1,535
July.....	211	1,548	803	2,506
Average.....	169	1,536	640	1,877

Russian claims of German losses may be taken to be an exaggeration of the truth because of the absence of evidence that German air strength is declining at a rate indicated by these figures. German admissions of their own losses, on the other hand, are too low in relation to the known intensity of air fighting on the Eastern Front.

Conveniently between the two figures are Russian admissions of their own losses. This series may be taken as a rough *minimum* measure of German casualties for two reasons: (1) the Russians are naturally unwilling to render comfort to the enemy and may therefore be expected to admit losses no higher at least than those known to have been inflicted on the Germans; (2) if Russian losses have been as high as admitted, German losses must be equally large since Germany has not won clear superiority of the air along the Eastern Front.

#### Total German Losses

If the conservative assumption is made that the Russian admissions of their own losses may be taken as a measure of total German casualties on the Eastern Front, including losses on the ground and those suffered in non-combat accidents, a minimum estimate for total German losses of combat-type planes in theaters of war may be compared with estimated production available for combat as follows:

	Destroyed by R. A. F. and in Non-Combat Operations	Destroyed on Eastern Front	Total Losses	Production Available for Combat
May.....	370	500	870	950-1,050
June.....	360	618	978	950-1,050
July.....	559	803	1,362	950-1,050
Average.....	430	640	1,070	950-1,050

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This calculation makes no allowance for the fact that while the scale of operations has been rising, a growing number of damaged aircraft have been put out of action for an average period of two months.

On the basis of the foregoing estimates, which understate rather than exaggerate recent German losses, G. A. F. strength declined 20-120 planes on the average each month during May, June, and July. The Dieppe raid with its further loss of 170 planes, will bring the net depletion of German strength to 200-300 planes, if the August level of wastage on other counts equals that for the three previous months.

Whatever the proper estimate of German first-line plane strength—and this question still encounters differences of opinion—its diminution by 200-300 planes a month even for a short period would appreciably weaken it.

## APPENDIX II

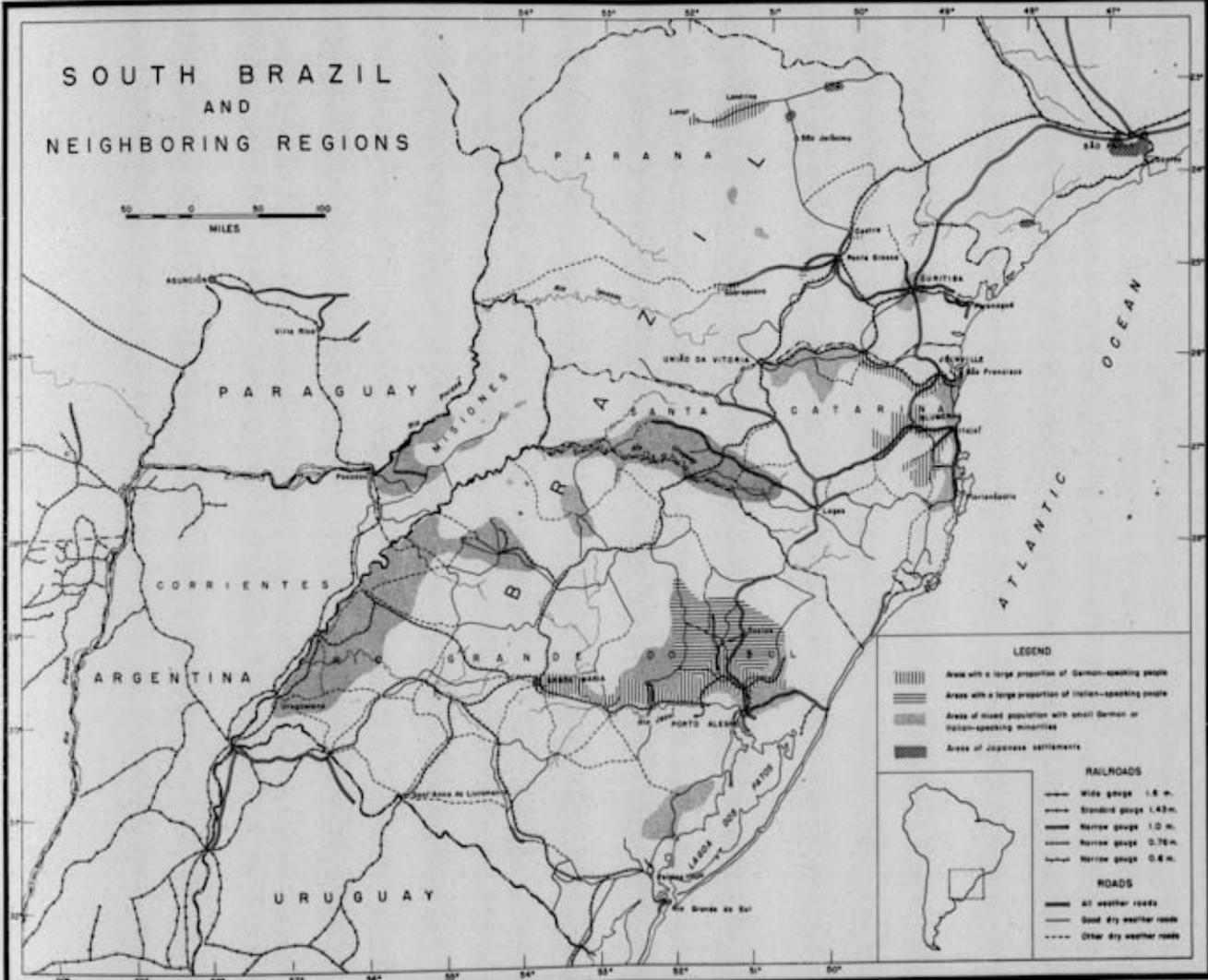
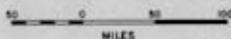
## AXIS COLONIES IN SOUTH BRAZIL

In South Brazil (and to a lesser extent in neighboring parts of Argentina and Paraguay), Latin America has its most important concentrations of people of Axis descent. Their role in the war against the Axis, now joined by Brazil, has yet to be clarified. In general, the colonists present no very great menace to Brazil's security, according to a report of the Latin American Section of the Office of Strategic Services. The people of German descent might be troublesome, nevertheless, and if assured of outside assistance, the menace might assume significant proportions.

Neither the Japanese nor the Italians will probably play any significant role in possible disturbances. The Japanese are comparatively few in number in South Brazil and are settled largely in northern Paraná, near the border of Sao Paulo State. The Italian colonies are few and isolated and there has never been any feeling of close sympathy between the German and Italian settlers (see accompanying map).

The German colonies, while more numerous and more thickly populated, likewise are poorly located for united action. Considering their distribution, the nature of the terrain between them, and the presence of a majority of non-Germans in the same regions, it is unlikely that a revolt would succeed in seizing and holding any large extent of contiguous territory. Rebel German colonists might succeed in maintaining themselves for a time in the widely separated districts where they are most numerous, but control of these areas would threaten neither important sources of raw materials nor main lines of communication essential for the war effort. And unless these nuclei could be supplied from overseas, they could scarcely resist for any length of time. The chief danger of such a revolt would be that it might come at some critical moment and divert essential matériel or fighting units from more important objectives.

# SOUTH BRAZIL AND NEIGHBORING REGIONS



**LEGEND**

- Area with a large proportion of German-speaking people
- Area with a large proportion of Italian-speaking people
- Area of mixed population with small German or Italian-speaking minorities
- Area of Japanese settlements

**RAILROADS**

- Wide gauge 1.6 m.
- Standard gauge 1.43 m.
- Narrow gauge 1.0 m.
- Narrow gauge 0.76 m.
- Narrow gauge 0.6 m.

**ROADS**

- All weather roads
- Good dry weather roads
- Other dry weather roads



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*The Attitude of the German Colonists*

Before the beginning of the present war in Europe, most of the people of German descent in South Brazil were loyal to the Germany which existed before 1914, but were by no means necessarily pro-Nazi. The pioneering communities consisted of a peasant democracy of small farmers, among whom many of Hitler's ideas would not have found favor. Since 1918, however, a new, aggressive group of immigrants has come to Brazil preaching race superiority and world conquest. Today many of the older people are bewildered and unhappy (suicides have increased notably). Many others, while not in sympathy with the Nazi cause, do not dare to oppose the clandestine organization which has been imposed on them. The presence of these people offers the dangerous elements an excellent cover for their operations, and no doubt a substantial following has been recruited from among the younger people.

*Location of Axis Concentrations*

The following table shows estimates of the present population of German, Italian, and Japanese origin throughout this region:

	Total Population	German	Italian	Japanese
<b>BRAZIL:</b>				
Rio Grande do Sul.....	3,336,000	516,000	300,000	100
Santa Catarina.....	1,182,000	275,000	50,000	498
Paraná.....	1,243,000	126,000	100,000	6,241
<b>ARGENTINA:</b>				
Misiones.....	168,831	31,000	4,000	0
Corrientes.....	508,261	2,000	22,000	10
<b>PARAGUAY.....</b>				
	936,000	17,000	7,000	600

These figures for whole political units give a somewhat distorted impression of the strength of Axis elements. Actually the Germans and Italians occupy only small parts of the total area, but they usually constitute in these parts a very high proportion of the population. For example, in the zone stretching along the northern side of the Jacuí Valley from north of Porto Alegre to Santa Maria, the Germans comprise 60 to 70 percent of the population. In the rural district around Blumenau the proportion is as high as 75 percent, although in the city of Blumenau it is only 63 percent. In the zones indicated on the accompanying map as having a German minority, the proportion varies between 10 and 30 percent. The balance of the population in these various areas is predominantly of Portuguese descent with a sprinkling of Italians, Spaniards, Poles, and other Europeans.

The Portuguese of Rio Grande do Sul are good fighters and are probably in sufficient strength in the open country around Porto Alegre to prevent the Jacuí Valley Germans from seizing that city and gaining a sea outlet in that district. On the other hand, the Germans in the protected mountain valleys around Blumenau in Santa Catarina might muster sufficient force to fight their way downstream to one or more of the ports and receive supplies from such Axis ships as could run the United Nations blockade. But they would find it difficult, because of terrain, to advance in other directions. (The Brazilians for the same reason would be equally handicapped in suppressing such a revolt.)

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*Terrain and Communications Unfavorable for Axis Activities*

The nature of the terrain throughout South Brazil and neighboring regions places difficulties in the way of an organized revolt. Large areas remain even today a wilderness. Most of Rio Grande do Sul south of the Uruguay Valley, except the Jacuí Valley, is open grassland used for livestock, with only widely scattered ranch headquarters. The western parts of Paraná and of Santa Catarina are still forested, with no permanent settlers. In Argentina, Corrientes is also chiefly ranch country, while sparsely settled Misiones is mostly uncleared forest.

The southern states of Brazil are poorly supplied with railroads and all-weather highways. The railroads are narrow gauge, single track lines with steep grades and many sharp curves. Furthermore, as the map indicates, the main north-south rail line does not pass through the chief areas of settlement. An all-weather highway is being built from São Paulo to Porto Alegre. It has been completed through Curitiba, Joinville, and Blumenau to Florianópolis. But in the state of Rio Grande do Sul sections of this route are passable only in dry weather. The roads to the western parts of Rio Grande do Sul and of Santa Catarina are only rarely passable for ordinary motor vehicles. The Paraná Plateau north of the Uruguay Valley is capped with a lava formation, which weathers into "terra roxa" (purple soil) virtually impassable when wet. Since rainfall is fairly heavy there the year round, ordinary motor traffic on unsurfaced roads is often interrupted for a day to a week at a time.

To organize and carry on any considerable movement of military matériel over either the roads or the railroads of South Brazil would be a difficult undertaking, and one which could scarcely pass unnoticed.

## APPENDIX III

## WOMEN AS A LABOR RESERVE IN GERMANY

Despite the optimistic forecasts of Nazi officials and German economic journals, there has actually been little increase in the rate of gainful occupation of German women since 1939, according to a study prepared by the Economics Division of the Office of Strategic Services. To no great extent have German women served as substitute labor for men inducted into the army. The apparent increase of women gainfully employed, as revealed by statistics published in Germany since the outbreak of war, is due mainly to the annexation of new territories and to the influx of foreign women.

By the summer of 1939 the reserve of female labor in Germany appears to have been virtually exhausted. According to the German census of May 1939, 50 percent of all German women from 14 to 65 were then gainfully occupied—as compared with 25 percent of American women (according to the census of 1940). Furthermore, an exceptionally large part of the real national income of the German people depended upon the labor of the housewives of the Reich, whom the official census does not count as gainfully employed.

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*The Statistical Breakdown*

From the summer of 1939 to the beginning of 1942, the number of female wage and salary earners covered by Labor Office statistics increased from about 8.1 millions to about 9.4 millions. This impressive increase of 1.3 millions of women workers has generally been accepted in the United States as proof of the success of the recruiting program which the German government has carried out under the pressure of war requirements. The following tables reveal, however, that the effective net increase in the number of gainfully occupied German women was actually about 600,000, of which 50,000 was due to the natural increase in population. Importation and annexation were responsible for the rest.

Table I.—Germany (1939 area): Gainfully Occupied Women<sup>1</sup>

	May, 1939	January, 1942	Change
A. Wage and Salary Earners.....	8,260,000	9,160,000	+900,000
B. Independents.....	1,000,000	1,000,000	—
C. Family Helpers.....	5,500,000	5,330,000	-170,000
D. Officials.....	150,000	200,000	+50,000
Total.....	14,910,000	15,690,000	780,000

<sup>1</sup> Census figures. Figures for wage and salary earners include certain minor groups not included in Labor Office statistics.

Table II.—Germany: Women Wage and Salary Earners

Women Wage and Salary Earners, May 1939.....	8,260,000
Additions:	
(1) By Natural Population Growth.....	50,000
(2) By Internal Recruitment.....	550,000
Total, German women.....	600,000
(3) By Importation.....	300,000
Total, 1939 area of Germany.....	9,160,000
(4) By Annexation.....	400,000
Women Wage and Salary Earners, January 1942.....	9,560,000
Increase, May 1939-January 1942.....	1,300,000

Yet even the numerical increase of 600,000 does not represent a corresponding increase in the German labor force. Part of the increase in wage and salary earners was at the expense of other categories of gainfully occupied women, as shown in Table I. The net loss from these other categories amounted to 120,000. Finally, the statistics on wage and salary earners include part-time workers, and there is evidence to suggest that the number of these actually has increased at a relatively higher rate than the number of full-time workers. Official statistics reveal that the average working week for women dropped during the period 1938-1942 from 46.2 hours to 44.6 hours—and this in spite of the fact that large numbers of full-time women workers were working longer hours in 1942 than in 1938.

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*The Invisible Industry: Housekeeping*

The gainful occupation rate for German women has therefore not increased substantially since the outbreak of war. The reason for this paradox lies in the fact that German housewives were already carrying an extremely heavy work load in 1939—a load which has become considerably heavier under war conditions. Although housewives are not counted as gainfully occupied, a very large part of the real income of the German people has depended upon the arduous labor and superior domestic skills of these women.

The introduction of war restrictions on consumption has resulted in an automatic shift of a large amount of work to the German housewives. Whatever "reserve" of labor existed among them was largely tapped in the kitchen itself, by the device of shifting a considerable part of the work previously done by the consumers' industries onto the household economy. Lack of soap, lack of clothing, lack of fuel, lack of food, have all in part been made good by extra labor on the part of housewives. By 1939 Germany had already reached the point where the withdrawal of women from household duties resulted in increased demands on the trades and services which were already short of workers. By the spring of 1942, the "marginal" woman in the German economy was worth as much in housework as in industry.

APPENDIX IV

**BACKGROUND SKETCH OF ANGLO-FRENCH RELATIONS  
IN THE NEAR EAST**

(The following study has been written by an American authority on Franco-British relations in the Levant)

The present Anglo-French crisis in Syria, precipitated by British efforts to carry through plans for elections in the fall, highlights the deep-seated and chronic nature of British and French rivalry in this strategic area.

The relations between the Spears Mission and the De Gaulle authorities, never cordial, are not likely to improve so long as the British government tacitly approves of the political activities of General Spears; and, since the main roots of the conflict go back to the first World War, it is improbable that the British will modify their present policy, which De Gaulle feels is directed at undermining the French position in Syria.

*Conflicting Interests in the Region*

French influence in the Near East, essentially commercial and cultural in modern times, developed into full-fledged political aspirations shortly after the outbreak of war in 1914.

Britain on the other hand, has been interested for many years in the eastern Mediterranean chiefly as a strategic transit area. British policy, on the whole,

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therefore, was dictated by the fear that these regions might be closed by an unfriendly power intent on isolating her from India. She has sought to prepare the way for the creation and maintenance of a British-controlled land route to India, and thus was led to stand guard for many years over the territorial integrity of the Turkish Empire. She therefore favored for many years the retention of the status quo, or failing that, she preferred to benefit by any shift in the Near Eastern balance of power.

*The First World War*

The first World War, with its catastrophic effects on the Near and Middle East, presented British policy with only one reasonably effective substitute for a buffer area, until then the role played by Turkey. This was the establishment of a loose confederation of Arab states cut away from the old Ottoman Empire and placed under British tutelage.

British plans, a composite of frequently conflicting and mutually exclusive policies, fell short of their ultimate purpose largely because of French claims in the same area, acknowledged formally by Britain to her war-time ally.

These claims, referred to by the British even in the midst of the first World War as "persistent but sentimental", never ceased to plague and embitter Anglo-French relations from that time onward. The British government, conscious of the enormous disparity between British and French military forces in the Turkish campaign, and unimpressed by the French plea of preoccupation with the Western Front, refused to permit French participation in the Turkish armistice. Serious impairment of French authority throughout the eastern Mediterranean dates from this event.

*Post-War Settlements*

Following unsatisfactory attempts to solve the Near Eastern question at the Paris Peace Conference, Anglo-French relations continued to deteriorate as French troops ousted the Arab Government set up by British arms in Syria, and French diplomacy negotiated a separate peace treaty with Turkey. The Greco-Turkish war, largely intelligible as an Anglo-French struggle behind the scenes, ended in 1922 with the overwhelming defeat of the Greeks. An open break between Britain and France was only narrowly averted at this time.

The comparative stabilization of great power politics in the Near East following the Treaty of Lausanne in 1923 and the suppression by France of the Syrian revolt in 1927 ushered in a brief interlude of reasonably cooperative Anglo-French relations in the eastern Mediterranean.

*The French Attitude*

Opinion in France throughout the interval between world wars has, however, been largely inclined to blame continued French difficulties in Syria on British policy, considered basically antagonistic to the presence of France in the eastern Mediterranean. French lack of enthusiasm for enlisting Arab aid in destroying Turkish power, with the consequent French antipathy to British-supported Arab post-war aspirations, were the main manifestations of an inherently irreconcilable conflict between Britain and France in their Near Eastern diplomatic aims.

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France regarded her Syrian acquisitions as a logical development of her Near Eastern economic-cultural interests and of her military contribution to the common victory. This attitude, reinforced in the French view by the secret treaties, has been maintained, despite intermittent changes of heart of Leftist administrations, by successive French governments in the ensuing years. The early vigor of British opposition gradually subsided with the passage of time.

Throughout the past twenty years France's role of mandatory power in Syria has not been a happy one. French opinion has been inclined to look unfavorably on the whole idea of a mandate for Syria, seeing in it a heavy burden, with few compensating privileges. Various influential newspapers have attributed many of France's Syrian troubles to Anglo-American insistence on imposing an unworkable system upon a people who, according to the French thesis, were incapable of governing themselves under conditions of modern international relations. These critics have considered the principle of the mandate a shackle and the basis of one of the greatest difficulties France has encountered in the administration of the Levant states.

### *Recent Treaty Agreements*

The Blum Government's decision in 1936 to terminate Syria's mandatory regime after a three-year period was widely regarded in France as the result of French failure to carry out the terms of the mandate entrusted to her by the League of Nations—a mission which French critics considered fatally handicapped from the start by British interference and duplicity.

France's reluctant cession of the Alexandretta Sanjak to Turkey in 1938, sequel to the Franco-Syrian Treaty promising independence to Syria in 1939, has been generally construed as French recognition of Turkey's unwillingness to tolerate Syrian Arabi<sup>1</sup> sovereignty over Turkish minorities in the Sanjak. French nationalist circles, however, have interpreted the cession as due primarily to British pressure, aimed to secure, at France's expense, the support of Turkey in the threatening months ahead.

### *Conclusion*

More than a quarter-century of Anglo-French diplomatic conflict in the Near East, an intermittently acute phase of the hundred odd years of chronic colonial rivalry between the two Powers, is again at fever-heat. The heritage of mutual distrust and the memory of bitter struggles for the attainment of divergent aims will undoubtedly prejudice the chances for a peaceful solution of the current crisis. If strategic considerations override British reluctance to risk the adverse propaganda repercussions of military action against her Fighting French allies, French authority may disappear from a region never under the effective military control of France since the Crusades.

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OFFICE OF STRATEGIC SERVICES

THE WAR  
THIS WEEK

August 27-September 3, 1942

REGRADED UNCLASSIFIED

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*For the President*

AUGUST 27-SEPTEMBER 3, 1942

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Office of Strategic Services

## THE WAR THIS WEEK

Although the Nazis are closing their pincers about the inner defenses of Stalingrad, the reduction of that city may still involve a costly siege. In both the Grozny and Black Sea sectors the German drives have slowed, and a final decision in the Caucasus (if that is the Nazis' intent) still lies some weeks in the future.

Rommel's long awaited blow has fallen in the southern sector of the Egyptian front, but it is not yet clear whether this is a serious thrust for the Delta or a drive for limited objectives.

The Germans continue to press Laval for concessions in Africa and Metropolitan France. Laval is pliant, but the Minister of Marine, Admiral Auphan, is reported to have resisted Nazi demands both for a Franco-German defense agreement on Africa and for the surrender of French merchant tonnage. Internal tensions in Spain appear to be mounting.

In the Far East the Japanese are executing extensive withdrawals in China and have suffered further reverses in the Solomons and at Milne Bay in New Guinea. Indeed recent Allied successes in the southwest Pacific have notably strengthened our position there. Some observers meanwhile interpret these Japanese withdrawals and the sudden resignation of Foreign Minister Togo as pointing to an early attack on Siberia, but these forecasts are still definitely in the realm of speculation.

The important urban centers in India are beginning to return to a more normal life, but a settlement is not yet in

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sight and a general civil disobedience campaign remains a distinct probability.

*The Siege of Stalingrad*

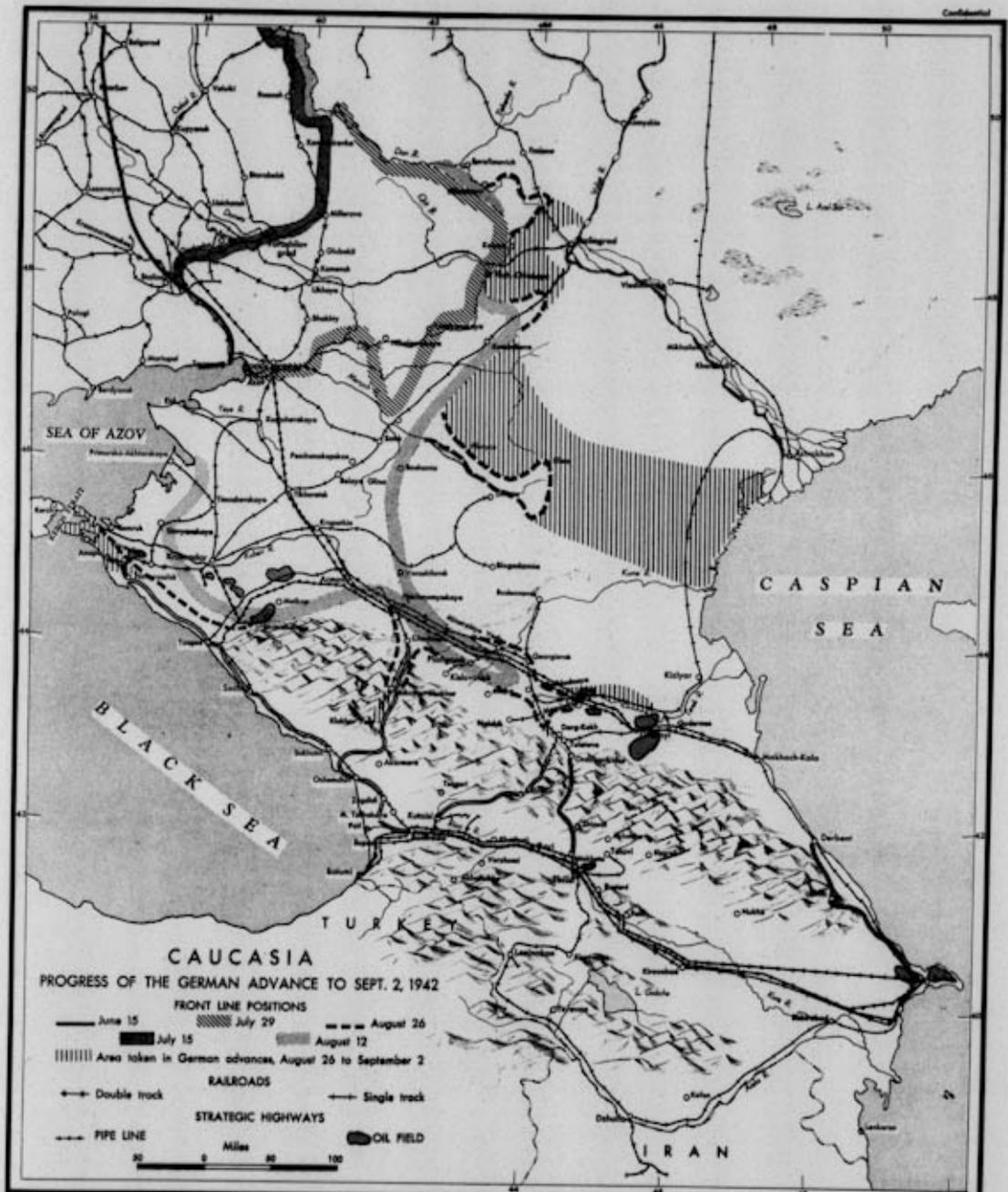
The Germans have now reached the inner defenses of Stalingrad. On the north, south, and west they are approximately 15 miles distant from the city. Except for the river to the east, the defenders are in a state of siege, harassed by continual day and night air attacks. North of Kletskaya, however, they have succeeded in recrossing the Don behind the German lines.

As yet there is no sign that Stalingrad is about to fall. The accompanying map indicates that in the past three weeks the Germans' progress has been notably slower than in the earlier phases of their offensive. Five weeks ago the invaders had already occupied most of the Don bend. Three weeks ago their mechanized columns had come up against stubborn Soviet resistance in the Kletskaya area and had penetrated south of the river beyond Kotelnikovo. A week ago they had reached the Don along its whole course and had established a new bridgehead north of Stalingrad. Now, with their pincers closed on the city, the Nazis may be facing a costly siege.

*Anapa and Novorossiisk; the Trans-Caucasus*

With the fall of the small port of Anapa, the slow German advance on the Black Sea littoral may be within three miles of Novorossiisk. The siege of this latter city has probably already begun. A greater menace to the Soviet position on the Black Sea coast, however, appears in the report that crack German mountain units have taken the Klukhor pass on the Sukhumi military highway. Such a move might represent an effort to outflank the Soviet defenders of the Black Sea ports by striking at Sukhumi south of the moun-

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tains. On the other hand, the seizure of the pass might be a purely defensive effort to protect the southern flank of the German divisions driving east toward Grozny from a possible Russian surprise incursion.

Around Grozny the Soviet defenses have again slowed the German advance, which is apparently nearing Gudermes. And even beyond Grozny the Russians will be favored by the low foothills between Gudermes and the Caspian. The fall of Gudermes, however, would cut off the rail and pipe line connections of the Grozny area.

Despite the threat to the passes over the western Caucasus mountains, it is still likely that the main battle for the Trans-Caucasus will occur in the east around Makhach-Kala or Derbent, perhaps not until several weeks from now. And by that time the passes of the Caucasus will be filling with snow. According to a source ostensibly with German staff connections, the Nazis are already dissatisfied with their progress in Russia, and feel that the Trans-Caucasus cannot be taken this year. Their goal is now to capture Stalingrad and to reach the Caspian, and thereafter to cut off so far as possible the resources of the Trans-Caucasus from the rest of Russia. Already German columns from Elista have probably reached the Caspian from the Kuma River to the mouth of the Volga. This advance across lightly defended territory may represent simply an effort to protect the north flank of the Nazi drive in the Grozny area.

#### *The Black Sea Fleet*

With the present menace to the whole west Caucasus shore, attention has once again centered on the Russian Black Sea Fleet. If the Caucasus is entirely lost, this fleet would face two alternatives: internment in a Turkish port or scuttling. In 1918 the Russian sailors of the Black Sea Fleet preferred to

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blow up their ships rather than to hand them over to the Germans. In the opinion of a Soviet observer, the Fleet's tradition is now so strongly rooted that it would never surrender, even in the most hopeless situation, but would again act exactly as it did in 1918.

According to the same observer, the fleet includes the old battleship *Parizhskaia Kommuna* (launched, 1911), the cruisers *Krasnyi Kavkaz* (1916), *Krasnyi Krym* (1915), and *Chervonaia Ukraina* (1915), the aircraft carrier *Stalin* (1937—22 planes), and numerous destroyers, submarines, torpedo boats, and smaller craft, most of them built in the last five years. Its Commander-in-chief is Admiral Philip S. Oktia-brski, who rose from a stoker through the ranks to the command of the Black Sea Fleet in 1938. Well known as one of the builders of the Soviet Pacific Fleet, he supervised personally the defense of Sevastopol (according to the Russian press) and was the last commanding officer to leave the fortress. An active member of the Communist Party, he is in high official favor, and is considered one of the "strong men" of the regime.

#### *The Russian Center and the North*

In the Rzhev sector, General Zhukov's month-old counter-offensive, while forced back around Medyn, has taken Zubtsov and reached the defenses of Rzhev. But it has failed to crack the main German defensive system and may already have spent its force. In the opinion of some American military observers, Zhukov's losses in men and matériel have been out of all proportion to the ground he has gained. American journalists—permitted for the first time this year to visit the fighting lines on the central front—have, however, seen little evidence of these heavy casualties.

Last week-end's air attack on Helsinki, which scored direct hits on a branch telegraph office, a large military warehouse,

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and a locomotive repair shop, was, in the opinion of a well-placed American observer in Finland, the most successful bombing in this war or in the Winter War which preceded it. Other reports from Helsinki suggest that the Germans have sent several of their mountain divisions from North Finland to the Caucasus, and have replaced them with three newly-formed mountain divisions of older men. A possible further sign of a manpower shortage on the Eastern Front is the report that the Nazis are now training Finnish volunteers for service with the *Wehrmacht*—or perhaps as replacements for the *Jaeger* battalions of Finns now apparently fighting with the Germans on the southern Russian front.

In the much-bombed seaport of Murmansk, Soviet morale is evidently still comparatively high. According to a Russian sailor just arrived in this country, the people of Murmansk have become so used to air raids that the work in the port does not stop during bombardments. All young men being in the army, it is the old men and women who unload the ships. Special brigades remove ruins and clean up the streets after air raids. With meat and fish practically non-existent, the average meal consists of a plate of soup and a piece of bread. Although greatly depressed by the Russian reverses in the Caucasus, the people of Murmansk hail every Allied convoy with joy and still feel that they may eventually win the war, our observer concludes.

#### *Rommel's Offensive in Egypt*

On the night of August 30 Marshal Rommel attacked on the southern sector of the Egyptian front. While British press releases suggest that his immediate objective may be certain strategic desert ridges, military observers here do not exclude the possibility that this may be a major offensive.

In this attack, which is led by his two German armored divisions, Rommel is using the bulk of his veteran German

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desert fighters, and has in immediate reserve an Italian corps. Supporting motor transport is concentrated in the southern sector. The German armored columns apparently advanced through the British minefields, but there is as yet no indication that they have penetrated main British positions or overcome any major British forces.

It is as yet too early to judge the character of the action. If Rommel were to break through, he might either strike directly at Alexandria and establish there a new base for supplies; or he might swing south of the rocky trough that runs eastward from the Qattara depression and strike directly at Cairo across smooth and open desert.

#### *Decline in Enemy Air Activity*

In the air the enemy has been relatively inactive prior to this attack, apparently reflecting a desire to conserve either planes or gasoline or both. Meanwhile Allied air forces have continued their heavy attacks on enemy ports, shipping, and supply lines. These raids, together with submarine action, have taken an increasing toll of enemy shipping and may have been the cause of Rommel's twice delaying his offensive. It is assumed that despite certain shortages, Rommel must have sufficient supplies to sustain active operations; and there are indications that a strategic reserve is being built up in the Mediterranean area for possible use in either Egypt or Northwest Africa.

Bombing attacks on Malta and air activity in the whole Mediterranean theater have lately been sharply reduced. The ships of the convoy that arrived at Malta in mid-August were unloaded without interference from Axis planes. The failure of the enemy to attack suggests that Axis strategists may have felt that the expenditure of planes was not justified even for so important a target. Meanwhile Malta's reinforced fighters took the offensive and raided the airdromes of

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Sicily, destroying at least 10 aircraft, in addition to those damaged.

#### *Near Eastern Quiet*

Egypt proper remains quiet. Prime Minister Nahas, on the sixth anniversary of Egyptian Independence Day, made an outspoken address in which he professed Egypt's loyalty to the British and looked forward to the triumph of the democracies. Serious differences are reported, however, between the Egyptian Chief of Staff, who is supported by King Farouk, and the Minister of War, who has the backing of the Prime Minister. The Chief of Staff's loyalty to the Government is questioned by the War Minister, and one observer believes that the situation might reach a point where the British would be forced to intervene with the King in support of the Government.

Little new information is available concerning the Anglo-French dispute in the Levant. De Gaulle and Casey have failed to arrange a meeting, and De Gaulle has declined Churchill's request that he hurry back to London to discuss the situation, stating that conditions did not yet allow him to depart from Syria. Rommel's attack in Egypt puts De Gaulle in an unfortunate position: to precipitate a conflict in the Levant now would undoubtedly provoke a serious reaction in the Anglo-American attitude toward the De Gaullist cause.

In Turkey an improvement in relations with Russia has been reported. The new Turkish Ambassador was apparently most cordially received in the Soviet. On the other hand at least one Turkish paper has treated with concern an article by Professor Renner of Columbia stating that the Allies must not again repeat the error of denying Russia an outlet through the Dardanelles. Repercussions of this entirely unofficial article even appeared in Turkish Government circles, one observer believes.

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*The Germans and Dakar*

The defenses of French West Africa and the transfer to the Nazis of merchant tonnage controlled by Vichy were discussed by Laval and high German representatives at Nevers on August 27, according to a well-placed informant. Admiral Auphan, Minister of Marine, and other officials accompanied Laval.

The Germans sought Vichy's agreement to a military observer or control commission at Dakar, in return for permitting the French further to strengthen the defenses there. Our informant also believes that the Germans offered to arrange a general Franco-German agreement for the defense of French North and West Africa. Although Laval is reported to have approved this proposal, Admiral Auphan, objecting that such a pact would invite Anglo-American attack, apparently threatened to resign. Laval was obliged to put aside for the time being the proposed defensive pact, but is believed by our informant to have consented to the sending to Dakar of some kind of German observer or commission.

The Germans are reported to have sought to send a Stuka squadron to Dakar at an earlier date, but Boisson, the Governor General, while willing to have the planes, threatened to resign if German pilots came with them. Boisson is understood now once again to have proffered his resignation, presumably in connection with Laval's new negotiations. Pétain, however, has ordered him to continue at Dakar. Meanwhile General Barreau, the Commanding Officer in Dakar, and a man considered very friendly toward America, is expected to go on indefinite leave, to be replaced by a naval officer of unknown sympathies.

The German controlled press has been giving increasing attention to the Allied "menace" to Northwest Africa. Lately it has accused the United States of planning to seize

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the Atlantic islands and then Dakar as convenient bases for the transfer of troops from Brazil across Africa to Egypt.

At Nevers the Germans apparently also demanded a total of 200,000 tons of merchant shipping. Our source suggests that Laval will consent to turn over the 70,000 tons of shipping now interned in French ports which belongs to countries at war with Germany; but Laval may try to avoid turning over the balance in French shipping, for a time at least. Admiral Auphan, our informant states, strongly opposed the surrender of French tonnage.

*Collaboration Measures at Home*

In support of collaboration at home, Laval is said to have sent the Germans a telegram of congratulations following the Dieppe affair, and to have signed the Marshal's name as well as his own (it is not definitely known whether this was with or without Pétain's consent). While Laval might well consider this an easy way of gratifying the Axis at no cost, evidence of further material collaboration appears in the report that French powder factories at Bergerac, Toulouse, and Angoulême (the first two in Unoccupied France) will produce nitrate cellulose for the Germans after October 1. One informant believes that German orders now amount to 80 to 90 percent of industrial production in France.

Laval is apparently planning partially to meet German demands for labor by the deportation, first of Jews, and then of other foreign groups. Despite strong pleas from the Vatican and the United States, Laval has apparently not relented in his reported plan to expel 10,000 or more foreign Jews who have fled to France illegally since 1936. More than 3,000 have already been sent to Germany, according to one source. From Occupied France come reports of concentration camps in which several thousand Jewish children have been isolated and their identification papers destroyed.

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In what may be an effort to show that he is nevertheless attached to republican institutions, Laval has authorized the creation of "advisory" departmental councils. At the same time, however, he has swept away the last vestiges of Parliamentary control in a decree abolishing the Senate and the Chamber of Deputies. These bodies had long been prohibited from assembling except by special convocation, but they had apparently been meeting informally, to the annoyance of Vichy. Advices suggest that Laval may now reorganize the purely consultative National Council as a sop to Republican sentiment.

#### *Internal Tension in Spain*

Current tension between the Monarchists and the Falange is greater than at any previous time, according to a reliable and well placed observer, and the possibility of an explosion can not be ignored. The immediate issue is the bomb episode reported last week, in which prominent members of the Falange were allegedly implicated. Several resignations of high government officials are expected, among them that of the War Minister, Varela, a man of Royalist sympathies. The Franco press has been agitating about the need of loyalty to the Party at this time, and political unrest is general, according to diplomatic sources. A number of prominent Royalist leaders have come to Madrid. Franco's prestige and moral standing are reported to have suffered severely from his failure to condemn the Bilbao outrage, and his relations with the Army may become further strained if the death penalty is not imposed on the offenders.

Some straws indicating resistance to German demands have come from Madrid. Spanish authorities are reported to have refused entrance visas to some 50 Germans who would have been appointed to auxiliary services of the German Embassy. A Nazi request for the removal of the Captain General of

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Barcelona has also been declined, according to diplomatic sources. Nor was the German economic mission successful in attempting to go over the heads of the Spanish negotiating committee. There is no indication, however, that the latter made much headway in its trading with the Nazis.

#### *Japanese Withdrawals*

Japanese campaigns in the Far East were generally characterized by withdrawals during the past week. As the Chinese advance in Chekiang continued, it was evident that the Japanese were undertaking a wholesale evacuation of the areas which they had only recently conquered. In the south-eastern Solomons, after a hard skirmish with Allied air power, Japanese naval forces—apparently either unwilling or unable to press the fight decisively—withdrew. At Milne Bay in New Guinea, where a Japanese landing party ran into an Allied trap, they again withdrew.

Only in the Gilberts, where they already are in possession of Makin Island, did the Japanese move forward. Here, apparently against no opposition, they extended their control southwestward to include Nauru and Ocean Islands. In the Aleutians too the Japanese recently have been increasingly active, possibly indicating plans for further offensive moves, but as yet these have not been made. Japanese planes have been sighted around Atka Island, which lies 60 miles or more eastward from Adak Island. Adak itself was previously the easternmost area in which the Japanese displayed any marked interest. Signs of increased activity at Kiska are not wanting, and may even indicate the arrival of reinforcements.

#### *Fighting on the Middle Melanesian Front*

Aside from the continuing air duel, fighting on the Middle Melanesian front is now restricted to the rugged area around

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Kokoda in New Guinea, 60 miles across the Owen Stanley Range from Port Moresby. Ground units clashed sharply here this week, and Japanese pressure has increased. Reinforcements continue to arrive in the Salamaua area.

While an overland drive to Port Moresby is still not an impossibility, the security of this base has been greatly strengthened by our new position at Milne Bay. This strategic inlet at the southeastern tip of New Guinea dominates the China Strait, virtually the only channel through the barrier reefs and islands which extend eastward from the New Guinea mainland to Rossel Island, easternmost of the Louisiade Group. With Milne Bay and the southeastern Solomons in our possession, a successful Japanese advance on Port Moresby by sea is unlikely. On the contrary, the Japanese position in Middle Melanesia takes on an increasingly defensive aspect.

Allied air successes in this area have been particularly notable. Japanese attacks on our newly-gained air base at Guadalcanal have been repulsed with heavy losses to the Japanese and inconsequential casualties to the defenders. At the Japanese air base near Buna on New Guinea, 10 Zeros were caught taking off: six were destroyed, two damaged. By August 29 Allied airmen at Rabaul were encountering Zeros of an old type, slow and unable to obtain altitude, and our airmen in this theater appeared definitely to have the upper hand.

#### *Withdrawals in Southeastern China*

Hard on the heels of the withdrawing Japanese, Chinese troops reoccupied Chekiang's two most important airport towns—Ch'u-hsien, on the Chekiang-Kiangsi railroad, and Li-shui, northwest of Wenchow. Chungking announces that its forces are now approaching the railroad city of Chin-hua (Kinhwa), where another airfield is situated. At the western

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end of the railroad, in Kiangsi, the Japanese have fallen back on their base at Nan-ch'ang, where the Chinese claim to have carried the fight into the suburbs. In Kwantung province, other Japanese withdrawals have opened the way for a Chinese advance southward along the Hankow-Canton railroad.

#### *Japanese Plans: Siberia?*

The evidences of Japanese withdrawals in China and reverses on the Middle Melanesian front, the appearance of second-rate planes in the latter theater, and finally the sudden resignation of Foreign Minister Shigenori Togo may all point to the long expected attack on Siberia. Chinese officials, who have been somewhat puzzled as to the meaning of the Japanese withdrawals, now apparently are convinced that the troops are being sent north. Some 60,000 Japanese formerly in Chekiang, they believe, have been sent to North China. General Joseph Stilwell, now in India, has himself subscribed to the Siberian thesis, according to newspaper despatches.

#### *The Resignation of Togo*

Togo's resignation especially has been widely interpreted as presaging the Siberian attack. Justification for this view is derived from the part which Togo is reputed to have played in easing Russo-Japanese relations during his term as Ambassador at Moscow (1938-1940), and from the fact that Japan has avoided difficulties with the Soviets while he has been Foreign Minister.

Other observers point out, however, that Togo's resignation might just as well point to the opposite conclusion. His career has been marked by German influence. His wife is German, his college studies at Tokyo Imperial Uni-

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versity were primarily devoted to German literature, he has been Ambassador to Germany, and he was regarded as one of the prime engineers of the anti-Comintern pact. His resignation might, therefore, be construed with equal logic as indicating developments in Japan displeasing to friends of Germany—such as a Japanese decision *not* to attack Siberia.

These observers also point out that Togo's relinquishment of the Ministry of Foreign Affairs may amount merely to a further step toward the elimination of civilian influence in the cabinet. Until further events shed light on the reasons for the shift, these observers feel that speculation as to the significance of Togo's resignation must remain pure guesses.

In the past week, meanwhile, no changes have been reported in military dispositions along the Siberian border.

#### *Japanese Treatment of Americans*

There seems to have been neither rhyme nor reason in the variations of treatment of Americans in Japan and Japanese occupied territory, according to a competent observer who has had opportunities to talk at length with many of the passengers on the exchange ship *Gripsholm*. In Tokyo for instance, some American citizens were imprisoned, some were interned in a camp, others were interned at home, and still others were left free to move about the city. Some Americans in Shanghai were allowed the freedom of the city, while others were kept in solitary confinement. Some citizens had all property seized outright, while others had their holdings carefully listed and filed by Japanese authorities. There was an obvious animus against newspaper correspondents and a grudge against certain missionaries in Korea, but in very few of the other cases was there any evident reason for the particular type of treatment meted out.

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#### *Economic Conditions in Japan*

Passengers on the *Gripsholm* reported a variety of shortages in Japan. There was a severe shortage of fish in the first three months of 1942, attributed by some observers to scarcity of gasoline. Rice and sugar have been put under a rationing system, as well as salt and meat. Leather is extremely hard to get, and there is a shortage of paper. The clothing rationing allowance of one hundred points allows few purchases, a winter kimono alone using up 48 points. Drugs and medicines are scarce. The observers felt, however, that the drastic efforts which have been made to bring financial machinery under control, to increase taxes and prevent inflation have been to a degree successful, and that there is a general Japanese willingness to live up to regulations. The Japanese are fully organized for their war effort. Moreover, these observers believe that Japan is succeeding in consolidating her economic position in the conquered territories, and that she is growing stronger month by month.

#### *Japanese Concept of the War*

Informed observers on the *Gripsholm* believe that the racial aspect of the war, the task of "throwing the white barbarians out of Eastern Asia," is not to be disregarded as an element in the Japanese concept of the war. Although few of these observers would attempt a purely economic explanation of the war, many of them stressed the importance of the Japanese feeling that Japan must win a wide area which is as nearly as possible self-sufficient, and which provides all materials necessary for the waging of war. With but few exceptions however, these observers felt that in addition to racial and autarchic concepts, the Japanese were influenced by a mystical conviction of the mission of Japan, and the assurance that Japan was divinely called to bring order into Eastern Asia.

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The observers pointed out that those who hold such a faith can only be disabused of it by complete defeat.

#### *Pause in India*

Although outbreaks and sabotage are continuing in the countryside, urban and manufacturing centers in India are apparently beginning to return to normal. The East Indian Railway has resumed restricted service between New Delhi and Calcutta under military guard. Passengers report, however, that along one stretch of road between Gaya and Mogul Serai every station has been burned. At Calcutta, mica production, a few weeks ago curtailed by a half, now appears to be returning to normal, while about 10 percent of the factory hands who have been on strike have returned to work. Nevertheless, in the textile industry there have been further walkouts. At Madras, the two largest textile mills, both of which had important army orders, have shut down, while at Calcutta 6,000 of the 7,000 employees of a large cotton mill have gone on strike for what are described as "purely political reasons."

With the suppression of Gandhi's *Harijan*, the Government has now banned virtually every important nationalist journal in India. Against these press restrictions, the All-India Conference of Newspaper Editors, meeting at New Delhi, has vigorously protested. Although the Government has refused to relax the censorship, reports from New Delhi suggest that a new arrangement will provide for the precensorship of news by local Government advisers in consultation with local press representatives. Under this arrangement, some newspapers may resume publication.

In Calcutta, however, official pressure has evidently forced the resignation of the editor of the *Statesman*, India's leading paper. Although British-owned and edited, the *Statesman* has always shown an understanding of Indian nationalism

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and in the present emergency has appealed for conciliation. Now with a former information chief of the Government of India as its new editor, the *Statesman* will become little more than an official mouthpiece.

Actually the political situation in India has improved very little, and a general civil disobedience campaign is still threatening. Compromise proposals advanced thus far have not gone to the root of India's difficulties. A plan suggested by Sir Firoz Khan Noon, Defense Member of the Viceroy's Executive Council, for dividing India into five autonomous dominions, is simply the Moslem League's idea of *Pakistan* reduced to its logical absurdity, according to an observer in New Delhi. Such a proposal—providing for a federation of India as unworkable as that of the United States under the Articles of Confederation—would please neither Congress nor Moslem League. Nor have these two parties as yet come any nearer to a mutual understanding—despite a report to the effect that the Vice-President of the Moslem League has asked Jinnah to begin negotiations with Gandhi. Meantime, a resolution adopted by the Working Committee of the Hindu Mahasabha—the organization of Orthodox Hindus—has called for the immediate independence of India and the formation of a national government consisting of representatives of all parties, threatening drastic action if the British reject these proposals.

#### *Hispano-American Neutrality Pact?*

The retiring Argentine Ambassador to Spain is returning to his country with the draft of a neutrality pact to which the adherence of Spain, Portugal, Argentina, and Chile will be sought, according to unconfirmed information received from Buenos Aires. The pact presumably is a last-minute Axis-inspired move to counteract the effects of Brazil's

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declaration of war, especially in Portugal, and to fix Chilean policy before President Rios' visit to the United States.

Rios' visit meanwhile has been debated in the Chilean Senate—a debate which produced the first discussion of Chilean foreign policy during the current Chilean Congress. One Senator asked whether, if Chile were going to break with the Axis, it would not be better to do so before the President's trip, thus avoiding any appearance of yielding to pressure from Washington. No conclusion was reached, and the Senate has voted to hold a secret session for further discussion.

#### *Cardenas Reenters Mexican Politics*

The appointment of ex-President Cárdenas as Minister of National Defense marks a significant turning point in both the domestic and international activities of the present Mexican Government. Cárdenas, who is expected to have complete control of the Army, Navy, and Air Force, becomes the most powerful figure in Mexico, next to President Avila Camacho. The uneasy balance of power which has characterized the present regime from its inception now moves decidedly to the left, for Cárdenas represents more truly and effectively than any other person in Mexico the combined forces of organized labor, the agrarian reform movement, and the liberal and radical elements from every walk of life.

The return of Cárdenas to national prominence can be expected to instill confidence in the Avila Camacho Government on the part of Mexico's rural population, which is suffering considerably because of economic dislocations brought on by the war and consequently has become prey to the defeatist, anti-government and anti-Yankee propaganda of the fifth column. The weekly *El Sinarquista*, for example, which has been rather successfully exploiting the poverty and hunger of Mexican peasants, expressed the

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greatest alarm at the prospects of the Cárdenas appointment, indulging in one of its rare attacks on the ex-President, whose popularity with the rural masses it has generally respected.

Despite earlier controversy concerning the possible attitude of the new Defense Minister toward the United States, it can be stated conclusively that General Cárdenas is fully committed to the most vigorous prosecution of the war. It can thus be anticipated that Mexico's positive contributions to the war effort will be notably stepped up, in terms of both military preparation and political vigilance.

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#### APPENDIX I

### THE GERMAN TRANSPORTATION SITUATION

Since the outbreak of war in 1939, many observers have predicted the collapse of the German transportation system, which has been operating under great strain. Even when the increasing demands on the distant Eastern Front are considered, however, there is no evidence at present that would indicate an imminent breakdown, according to an analysis by the Central European Section of the Office of Strategic Services. On the contrary, it is conceivable that the volume of traffic can be still further augmented without serious impairment of the Axis war effort.

The factors which favor the German position are: first, Germany's absolute domination of the continental rail network, which has made possible the pooling of freight cars and locomotives for common use where and when they are most needed; second, new construction of equipment, the production of which may now considerably exceed previous estimates; third, the reorganization of railway management within Germany itself; and finally, the solution—partial at least—of the admittedly difficult problem of personnel.

On the debit side of the ledger is the current British air offensive, the results of which cannot yet be evaluated in detail. Present bombings are probably seriously interfering with transportation in certain areas, and further efforts systematically to disrupt German traffic and transportation may in time produce substantial results.

#### *Unification Under German Control*

At the beginning of 1938 the German National Railroads operated 33,780 miles of line. Territorial annexations to the Reich have increased this mileage to 47,760, and in addition 6,373 miles in the Government General of Poland and the Protectorate of Bohemia and Moravia are either under German management or subject to close German supervision. In occupied Russia about 18,000 miles of railroad have been converted from five-foot to standard gauge. Division of management, composed principally of German railroad officials but acting under military command, control operations in this area. German methods of management, operation, and maintenance have been introduced on all these lines, thereby integrating them in a unified network and increasing the efficiency of the system as a whole.

In other subjugated countries—as well as in Hungary, Rumania, and Bulgaria—management and operation are closely supervised by German authorities. The methods are very flexible. In some countries supervision is concentrated at the headquarters of the railroads, in others German officials are stationed at strategic points throughout the organization. In the whole of Axis Europe Germany thus controls a railroad system of 164,000 miles, almost all of it standard gauge and operated on a unified plan.

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#### *Pooling of Equipment*

Uniformity of planning on a large scale notably influences the distribution of equipment. A pooling system of freight cars already is in operation throughout the territory of the German National Railroads and in the Protectorate. This pool now includes 1,100,000 cars. About 6,000 locomotives and more than 200,000 freight cars have been commandeered from the dominated countries or leased from Italy and from neutral countries.

#### *Production Step-Up*

To increase this pool, Germany has made remarkable efforts to step up locomotive and freight car production. At the outbreak of the war 31,000 locomotives were available in the areas now operated by the National Railroads and in the Protectorate, many of them over-age. In the three years from 1939 to 1941, 2,900 locomotives were built. A British report on equipment production estimates the present annual locomotive capacity in Germany and the occupied countries at 2,000-2,500. It is possible, however, that these figures may still need to be revised upward. Polish intelligence sources report that Julius Dorpmüller, Minister of Transport, has announced to the industry a new annual construction program of 7,500 "simple type" locomotives. While such a figure may seem startling at first glance, it is probably not impossible that after careful preparation the industry in Axis Europe could treble production, on the assumption of an expanded plant capacity, mass production methods, and a three-shift work day. Sufficient material and labor probably are being made available; reports from various sources indicate that equipment production has been given priority equal to that for aircraft, tanks, and submarines, and that skilled workmen are even being recalled from the armed forces.

At the beginning of the war 820,000 freight cars were available in the area now operated by the German National Railroads and in the Protectorate. It is estimated by the British that by 1941 production in Germany and the occupied territories had increased from 12,000 to 195,000 per year, and that a further increase may be expected in 1942. In spite of locomotive and car shortages, which up to date have been undeniable, the war-time demand has been met, and the supply probably will increase in the near future.

#### *Traffic Regulation*

On the lines operated at present by the German National Railroads, freight traffic was 36 percent higher in 1941 than in 1939. To cope with this traffic, passenger train service for civilians has been curtailed in Germany by about 50 percent, with even greater restrictions reported from other areas. Restrictions of this magnitude have had a decisive effect on the railroad operations throughout continental Europe, where in normal times passenger train mileage considerably exceeds the freight train mileage. (In the United States, peacetime passenger train mileage was about 45 percent of the total, in Germany it was nearly 65 percent.)

Freight traffic is regulated as to volume, distribution, and flow through a system of priorities and traffic regimentation. This system includes strict regulations for increasing the average carload and for speeding up loading and unloading. In 1941 the average freight train load was 12 percent higher than in 1938.

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#### *Reorganization of Railway Management in Germany*

Germany has long been divided into three areas, in each of which a special agency under the supervision of the Ministry of Transport (known as *Oberbetriebsleitung*) had the right to make suggestions to the 31 Division Managements, the actual operating units in the railroad organization. Following the general pattern of concentration of power in the present German administration, the authority of these agencies was recently strengthened. They were elevated to *Generalbetriebsleitungen*, their managers were promoted from Directors to Presidents, and the Presidents were empowered to issue binding orders to the Division Managements. The effect has been a more efficient and more uniform handling of operating and traffic matters in large areas.

In addition, new agencies have been created to allocate and coordinate the tasks assigned to the various modes of transportation. Diversification of shipments to waterways is encouraged, and even enforced in particular cases, with the result that waterways traffic in 1941 was 21 percent greater than in 1940. The completion of the Midland Canal in 1938 established a direct connection between the Ruhr and central and eastern Germany, and the opening of the Adolph Hitler Canal in 1940 improved the situation in Upper Silesia. These developments have substantially reduced the pressure on the railroads.

Truck transportation never played a great role in Germany (only 360,000 trucks were registered before the war), and it has now been almost wholly discontinued because of the fuel situation. This has contributed to a slight extent in increasing the burden both on rail and water transport.

#### *The Problem of Personnel*

Before the war the German railroads had a staff of competent employees, but many of these have since been lost to the armed forces (especially to railroad and other technical units of the armed forces), and an increasing number of railroad men have been needed for work in the occupied areas. At home these employees have been replaced by less reliable persons. The 1,200,000 persons at present in the service of the German National Railroads include 80,000 women and 20,000 prisoners of war, as well as 90,000 other foreigners. This personnel policy may have affected the safety and reliability of operation in the Reich to some extent, but at the same time it has been an important factor in maintaining German control of the whole network of conquered Europe.

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#### APPENDIX II

#### CHINA AND THE WAR—A COMMUNIST VIEW

(The following statements of General Chou En-lai, representative in Chungking of the Chinese Communist Party, were made to an American who was recently in Chungking. General Chou is recognized by authoritative American observers as one of present-day China's most important political thinkers. He lives in virtual isolation in Chungking, separated from social contact with other Chinese by reason of his party connections and the threat of official disapproval, and cut off by distance from his fellow Communists in northwest China. His views are presented here primarily for their interest as a reflection of Chinese Communist opinion.)

#### *The Chinese War Effort*

Asked whether Chinese Communists are satisfied with the Chinese war effort, General Chou distinguished two phases in the struggle with Japan. During the first two years, there was fierce fighting on many fronts, and the Central Government devoted its primary attention to military affairs—training troops, mobilizing the masses, and improving military organization. Although the Chinese lost many men, their armies became steadily stronger.

During the past three years, on the other hand, the Japanese attack has weakened, and most of the fronts have been relatively calm. Accordingly, the Central Government has paid little attention to the training of men in the modern technique of war and has been mainly concerned in disciplining the Communists. Only at such points as the Japanese actually attack, will Chinese troops fight.

#### *Attitudes Toward Britain and America*

General Chou said that historically Chinese authorities have developed their own way of dealing with British and Americans. When Britain had a strong position in the Far East, the Chinese were careful to preserve friendly relations. Now that the British have been defeated by the Japanese, Chinese authorities take a contrary attitude, and even fail to treat the British as allies in a united war effort. In reaction to the traditional arrogance of the British, anti-British sentiment in China is welling up.

Towards the United States, Chinese leaders have a different attitude. They consider that Americans in general know very little about China, and that the United States is easy prey for help, materials, and money. American generosity even excites some contempt. For example, when the United States Government gives loans and raises the question of terms, the Chinese now demand that there be no conditions—a loan must be a gift for their five years of fighting. If the United States refused to give help, the Chinese Government would threaten to make peace, but General Chou went on to say that there is no danger at all of China's making peace. Incidentally, he said, resistance has become a good business, since help is so easy to get. [Editor's note: Since the loss of Burma, the problem of supplying China has become notably difficult.]

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*Probable Consequences in China of a Russo-Japanese War*

Soviet influence on the Chinese Government is negligible, said General Chou. If the Japanese become involved in Siberia, Japanese armies in China will be deprived of offensive power. General Chou did not think that regular Chinese troops would attack Manchuria, but rather that the Chinese Government would utilize the new situation precipitated by Soviet-Japanese hostilities to make trouble at home. The Chinese Communists expect the Central Government to order them to attack the Japanese in Manchuria. When this order comes, General Chou said, the Chinese Communists will ask for supplies to strengthen their military position. It is unlikely that these supplies will be forthcoming. The Communists can not attack without them. The Central Government will accuse the Communists of disobeying orders and will then send troops against them.

*Chinese "Imperialism"*

Because the western imperialist powers have been expelled recently from some of their territories, one now hears, General Chou said, of Chinese "imperialism". It is impossible, however, to conceive of an imperialistic China in the present stage of Chinese economic development and while the pathetic disorganization now existing continues. China possesses large armies, but her military power is immobile. How then can China engage in military expansion southward? On the contrary, China after the war must discover a method of securing equal rights for herself in the South Seas.

*Peace Aims of the Chinese Communists*

China's first object must be to drive out the Japanese, said General Chou. All plans for the post-war future are illusory. Victory will be achieved only through democratization of China. Chinese economic democracy means state ownership and control of railways, arsenals, banks, and mines. But China is large. Her productive capacity can be increased by giving play to private capital. Without this it will be impossible for China to become a modern progressive economy. Only through private enterprise can advances be effectively accomplished outside the sphere reserved for nationalized enterprise.

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THE WAR  
THIS WEEK

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SEPTEMBER 3-10, 1942

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Office of Strategic Services

## THE WAR THIS WEEK

As the Russians continue to beat off German attacks of almost unparalleled intensity before Stalingrad, observers are laying increasing emphasis on the shortness of the fighting season on the Eastern Front, and Prime Minister Churchill has remarked cryptically: "Of the Russian front I will only at this moment say it is the 8th of September."

Meanwhile the British have blunted a heavy attack by Rommel and have forced him back substantially to the line from which he initiated an apparently ambitious offensive. The reverse was punctuated by heavy losses in enemy motor transport. Anglo-French differences in the Levant are reaching a crisis stage, with De Gaulle apparently determined to stand his ground.

In Spain reliable observers see in recent government shifts—and notably in the ousting of Suñer—changes reflecting primarily the domestic situation but generally favorable to the interests of the United Nations. On its side, the Vichy regime continues to yield concessions to the Germans, but an unusually well informed observer believes that Laval is still determined to conclude no military agreement with the Nazis, a situation now considered to reflect in part his doubts of eventual German victory.

Exceptional Japanese maritime activity in Melanesia suggests an early intensification of operations in the Solomons and in New Guinea, while the Japanese continue to relinquish their earlier gains in Chekiang—a move which remains enigmatic to date.

Indian disorders are entering their second month and some observers still believe that the real campaign of civil

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disobedience lies in the future. Reports indicate meanwhile that the Hindu Mahasabha is seeking permission to communicate a significant compromise proposal to the jailed Congress leaders.

#### *The Defense of Stalingrad*

Hemmed in on three sides, the defenders of Stalingrad have thus far beaten off German ground and air assaults of an intensity unparalleled since the siege of Sevastopol. To the west, the attackers have apparently reached the suburbs of the city, leaving the Russians little maneuver space for their mechanized units. The Soviet forces, however, apparently intend to resist to the last, and hand-to-hand fighting alone can reduce this "Red Verdun." After failing to find a soft spot, the Germans have now resorted to costly frontal attacks.

Observers emphasize that with the supply position of both sides extremely critical, each day that Stalingrad holds out is of real significance in the timetable of events on the Eastern Front. The Russians are practically cut off from supplies and reinforcements; the attackers are now bombing the Astrakhan-Saratov railway east of the Volga, the last free road to the north. And the Germans themselves have been obliged to commit increasing numbers of men and quantities of mechanized equipment along the two single-track railways that serve as their supply lines. In the opinion of air experts, the Soviet estimate of 1,000 German planes, almost half of them dive-bombers, now concentrated before Stalingrad, may not be far from the truth. Some observers conclude that the Nazis are so heavily committed around Stalingrad and have been delayed so long, that they may find it too late to launch another major offensive on the Eastern Front this year.

Elsewhere, the Axis mop-up on the Taman Peninsula and the fall of Novorossiisk have long been discounted as the

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inescapable consequences of the German drive toward the Caucasus. Similarly, the fall of Groznyi—now threatened by a Nazi bridgehead across the Terek River—would not decisively alter the Russian military position; in this sector the Germans have evidently been held up by a lack of air strength, now massed before Stalingrad. But the Nazis infiltration of the Caucasus passes represents a real and growing danger. While Russian mountain troops have counterattacked in the Klych Valley south of the Klukhor pass, small Nazi units have continued to filter over the lesser passes to the south. Such infiltrations could eventually threaten the whole Soviet position in the Trans-Caucasus.

#### *Rommel Withdraws in Egypt*

The German attack in Egypt has proved a tactical failure, and Marshal Rommel has now withdrawn his forces behind an antitank screen only slightly east of the line from which he launched his drive on the night of August 30.

The high percentage of Rommel's total available strength concentrated for this attack has led military observers here to feel that this was probably planned as the first step of a major offensive. Rommel's two German armored divisions, supported by other German and Italian units, struck north-eastward through the British minefields, apparently trying to lure British tank forces into a pitched battle. Avoiding such an action, the British harassed Axis forces with artillery, mobile units, and air attacks. They then forced the Germans to withdraw by coordinating a sharp New Zealand attack from the north (threatening to cut off advance German forces) with intense air raids on enemy columns. British units constantly harassed the enemy during the retreat. Axis losses in tanks were considerable.

A major factor in the German reverse was the Allies' unquestioned command of the air. Allied air forces

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inflicted heavy losses on enemy motor transport, and withdrawal of these columns began early—an indication that this particular attack was over. Enemy fighters were kept on the defensive, and apparently the Germans did not use dive bombers. This has caused further speculation as to the strength of German air reserves available at this time, although some observers suggest that the principal limiting factor in this theater may have been gasoline.

Axis forces are now digging in behind their anti-tank screen. They apparently still hold sections of the British minefields. Although their supply situation is presumably increasingly tight, especially with regard to gasoline and motor transport, there is no indication that the Axis is planning to retreat beyond the present line. The rate of sinking of enemy supply ships has been extremely heavy. Nevertheless some observers do not exclude the possibility that Rommel might shortly renew his attack, if he feels that time is running against him. Forces are still concentrated in the southern sector and the situation remains tense.

#### *Anglo-French Crisis in the Levant*

In Syria De Gaulle appears determined to force the issue, and has implied that he expects the British to be prepared to hand over the military command of the Levant as of September 10. He bases this demand on the De Gaulle-Lyttleton agreements of 1941, which provided that command would rest with whoever had the larger forces in the area. The British deny De Gaulle's claim that his troops outnumber British forces there.

Meanwhile De Gaulle and Casey have not yet arranged a place of meeting.

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#### *Spanish Cabinet Changes: Suñer Ousted*

The important changes which Franco made in his Government on September 3 were dictated primarily by internal pressures. Heightened by economic strain and wartime conditions, tension has long been mounting within the Falange, and between the Falange and such conservative groups as the Army, the Church, and the Monarchists. The bomb outrage committed at Bilbao by prominent Falangists precipitated a crisis; and Franco has attempted to restore harmony and stabilize his regime by severely punishing the guilty and removing key figures about whom antagonism centered. Well qualified observers feel that the net result indicates the Army has won the first round of its fight with the Falange; that Franco may have strengthened his own position; and that the changes in general favor Allied interests, so far as they affect foreign policy at all.

Most important was the removal of the unpopular Serrano Suñer from two high offices. Franco has himself succeeded Suñer as president of the Junta Política of the Falange and has appointed to the Foreign Ministry General Gomez Jordana. The latter has been a staff officer during most of his career, and is considered something of an old guard bureaucrat, loyal to Franco, and satisfactory to the conservative groups. He is not believed to have any pro-German sympathies, and is credited with resisting Italian pressure when Foreign Minister in 1939. Suñer had reputedly been growing less pro-German than formerly, but he remained the principal exponent and symbol of close relations with the Axis. Although removed primarily because of internal opposition, his departure is a blow to Nazi prestige in Spain and may suggest that the Franco regime is now less certain of ultimate Axis victory.

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#### *Other Shifts in Franco's Government*

The three other changes are of less clear-cut significance, but in general Franco seems to have fallen back on competent administrators of less decided political commitments.

After others had refused, Franco persuaded his Chief of Staff, General Carlos Asensio, to succeed the Royalist Varela as War Minister. Asensio is considered a man of intelligence and efficiency, who joined the Party as a matter of form but who is without any special political aspirations.

The new Minister of the Interior, Blas Perez, is a former teacher of law who joined the Party but who has taken no active part in its activities. He has previously held important posts in the judicial hierarchy.

As a measure of appeasement to the Army group, Franco has ousted José Luna from the Vice Secretary-Generalship of the Falange. The latter was associated with the worst elements of the Party, and was implicated in the Bilbao incident. The office has been filled, however, by Manuel Mora Figueroa, a Falange leader who has recently "crusaded" with the Blue Division against the Soviet.

Although the conservative groups appear to have gained from the Cabinet reshuffle, powerful Falangists still remain in office, and it is probably too early to consider Suñer completely out of the picture. He may reappear either in an important position at home or as Ambassador to Rome. The Spanish press had made no comment except to state that the Cabinet shifts involve no change in internal or external policy. Some observers suggest that with these changes Spain moves one step nearer to a Monarchist restoration, engineered by the conservative groups, who are militantly opposed to any return of the Republic.

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#### *Laval Weighs Further Concessions*

Although the French press carried an official denial of the presence of German troops at Dakar, Laval is believed to have consented to the sending there of two German military observers, probably passing as civilians. The State Department has protested the turning over to Germany of any merchant shipping, either French or foreign, now stationed in French ports. Such a step exceeds the demands of the Armistice agreement, but Laval has stated that it will be "difficult" not to let Germany have about 40,000 tons of shipping belonging to nationals of occupied countries.

An unusually well qualified observer, however, feels that Laval will not conclude any general military agreement with the Germans—it being the basic principle of his policy not to draw France into the war on either side.

In Alsace-Lorraine the Germans are reported to be enrolling boys of 14 to 16 for German labor camps and planning to conscript men 17 to 45 for the German Army. Laval apparently kept Pétain in the dark about this for several days, and then finally submitted a protest to the Germans, allegedly sent merely as a matter of form. Vichy officials admit that no such provisions were included in the Armistice conventions, but they are completely apathetic about the question. In Alsace the Germans are apparently taking strong action against resistance to the execution of their plans.

On the occasion of the abolition of the last vestiges of parliamentary institutions, Eduard Herriot, President of the Chamber, and Jules Jeanneney, President of the Senate, are reported in the press to have addressed a letter to Pétain warning that France would not follow along the path leading to war against "our allies." In their unusually outspoken letter, the two leaders also protested against the establishment of a dictatorial regime at Vichy, in violation of earlier pledges.

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Axis activities in North Africa are generally more quiet now than they have been over the past eighteen months, according to a highly-placed observer. Nevertheless, the press in Morocco, following the anti-Anglo-Saxon line taken by Vichy propaganda, is reported by another source to be definitely more pro-Axis than previously.

*Japanese Pressure on the Middle Melanesian Front*

Local enemy pressure continues on the Middle Melanesian front, where further Japanese operations against Allied positions in New Guinea, the Solomons, or both, are expected. On September 6, 3 light cruisers and 26 destroyers—an unprecedented concentration of destroyers in these waters—were sighted in the Shortland Harbor-Buin (Bougainville Island) area, about 350 miles northwest of Tulagi. The day before, more than 100 landing barges were counted at Rabaul Harbor, and both here and in the vicinity of the Trobriand Islands, northeast of Milne Bay, cruisers and destroyers were sighted.

These evidences of Japanese reluctance to lose the initiative in this theater were coupled with continuing heavy pressure on Allied positions in the Kokoda area, and small-scale penetrations elsewhere. At Kokoda Japanese troops have fought their way through "The Gap" in the Owen Stanley Range to Efogi, and are now on the southwestern slopes of these mountains, about 35 miles air distance from Port Moresby. In the southeastern Solomons, small night infiltration parties have succeeded in landing on several islands from which the Japanese recently were ejected. These parties, equipped with radio, land at points outside the immediate reach of United Nations' ground forces and set up machine gun posts. By September 2, five such posts had been located on or near Guadalcanal, three on Malaita Island, one on Florida Island, and one at least on the Russell Islands.

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The Japanese also are becoming increasingly active in the Gilbert Islands. On Abemama and Tarawa Islands, particularly, military observers believe sufficient Japanese land, sea, and air forces are now available to carry out attacks on the strategic Pacific islands to the eastward which dot the Allied supply line to Australia.

These moves, both at Kokoda and in the Solomons, have been countered by United Nations ground and air forces. Japanese casualties at Kokoda are estimated at more than 1,000. United Nations' planes inflicted relatively heavy casualties on Japanese troops attempting landings September 3 on San Jorge Island, 65 miles northwest of Guadalcanal, and September 5 on Guadalcanal itself. At Milne Bay, where an enemy landing party was forced to withdraw after falling into an Allied trap, the Japanese lost some 600 troops.

*Japanese Moves in Chekiang*

The withdrawal in Chekiang has now slowed, and the Japanese continue in possession of the railroad and airport town of Chin-hua, former provincial capital. There is, however, no indication that the Japanese are preparing important counterattacks in this region, and it seems clear that for the present at least they are resigned to relinquishing most of the gains of their summer campaign.

These gains were of considerable importance in both nature and extent. By July the Japanese had seized all important airfields in Chekiang Province. They had succeeded in occupying the Hangchow-Nanchang Railway and had opened a potential land communication route to their base at Nanchang. They had pushed south and west of Nanchang, threatening a drive along the Kiangsi-Hunan railway, and they had driven some distance northward from Canton along the Canton-Hankow Railway. Occupation of Nan-ch'eng, in northeastern Kiangsi, had cut off the better of the two

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roads which link the province of Fukien with the remainder of Free China. Moreover, the Japanese had drawn a semi-circle around the Chekiang seaboard from Wenchow through Ch'u-hsien and Chin-hua to Hangchow, which denied to Chungking important smuggling centers and salt supplies.

Reasons for the Japanese withdrawal are not yet clear. It is fairly certain that withdrawal was not occasioned by Chinese pressure, but there is no real indication yet as to why the Japanese High Command came to this decision. The relinquishment of the Chekiang airfields at a time when the United States Army Air Force in China is showing increasing activity is puzzling, particularly in view of the phobia of the Japanese regarding bombing raids against Japan proper. Some observers believe that the Japanese may be hoping to cut off air raids by action elsewhere, possibly some move against the India-to-China air route, intended to intercept aircraft before they reach China. Japanese bombers and fighters recently have flown over Chittagong, but as yet there have been no other signs of offensive action, and no significant movement of troops or aircraft toward India have been reported.

#### *Renewed Predictions of Japanese Attack on Siberia*

Predictions that Japan will soon attack Siberia continue to appear, but the more cautious versions forecast that she will do so only if the Germans crush Russia in Europe or if the United States uses Siberian territory for bases.

The Japanese are now fully prepared for an invasion, which, if it occurred, would doubtless be unannounced, of lightning rapidity, and simultaneous at all selected points along the 2,500 mile line from Vladivostok to the railroad terminals in Inner Mongolia. Various informants place the Japanese forces in Manchuria at from 650,000 to 1,000,000 men, and rough estimates locate half or more of their available combat

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planes in this area—about equally divided between Japan (including Karafuto) and Manchuria-Korea. Observers, using previous Japanese training schedules as a basis, consider that the ten divisions of recruits in Japan are now ready for active duty, and that Japan has port facilities and shipping available to ferry these divisions, or such of the garrison divisions in Japan as they might replace, to the mainland in a month's time. Chinese sources, which for some time have vaguely reported movements of Japanese units northward from China into Manchuria, have recently become more specific about such movements to Kalgan and other points along the southern fringe of the Mongolian plateau. Finally, the Japanese have apparently completed all contemplated transfers in the high command.

#### *The Greater East Asia Ministry*

Premier Tojo has announced the creation of a new "Greater East Asia Ministry" to be headed by a Minister of Cabinet rank. The new department is to be the "general organ for conducting administrative work covering the fields of politics, economics, and culture within the Greater East Asia sphere, excepting Japan proper, Korea, Formosa, and Karafuto." Previously Japanese administrative activities in Manchuria, Occupied China, and the newly occupied areas in the southwest Pacific have been guided by a multitude of separate boards and agencies. The consolidation of these functions under one Ministry is a significant administrative reform, reflecting long-term Japanese planning for the areas she has conquered. Should General Teiichi Suzuki, long-time President of the highly important Planning Board, be appointed to the new Ministry (a likely possibility according to current report), a further indication would be given of the political importance of the new development.

The creation of the new Ministry clarifies the resignations

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of Foreign Minister Togo and Vice Foreign Minister Nishi, which occurred last week. The Ministry of Foreign Affairs is hardest hit of all the Ministries which have been obliged to relinquish functions to the new organ. Togo and Nishi, as the ranking career men of their Ministry, evidently felt constrained to resign, either as a measure of protest, or to avert the loss of face which might result for Ministers who remained in office after their power had been curtailed.

#### *India: The Hindu Mahasabha's Proposals*

The proposals for limited independence and the formation of a national government advanced by the Hindu Mahasabha are, in the opinion of an American observer in New Delhi, the single positive plan for a settlement put forward by an important political group since the imprisonment of the Congress leaders (*The War This Week*, August 27-September 3, p. 17). Furthermore, according to the author of the Mahasabha draft, they represent the position held by Nehru and Azad just before they were jailed—a view that they felt sure the Mahatma would accept. Now the Mahasabha has approached the Viceroy with its proposals, apparently seeking his permission to establish contact with the Congress chiefs.

Our observer surmises, however, that the Government will not prove accommodating. In his latest statement to the House of Commons, Prime Minister Churchill has declared that with more "white" troops in India than at any time since the beginning of the British connection, the course of events in India is improving and on the whole is reassuring; the British Government, he concludes, intends to give all possible support to the Viceroy and Government of India.

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#### *Retrospect on the Disorders*

With the current disorders in India going into their second month, it is now possible to recapitulate briefly some of their consequences and the partial recovery from them that has taken place. Advices from New Delhi summarize the disturbances to date.

Interruptions of railway service have occurred most extensively on the East Indian Railway, the premier line of India, and the route from Calcutta to the north and northwest, and one of the two routes from Calcutta to Bombay. Although the railway has established limited service over the "Grand Chord" line, the "Main Line" running through Patna is still out between Patna and Mogul Serai. Between Lucknow and Cawnpore similar interruptions of service have occurred. The Bengal and Northwestern Railway has likewise suffered serious interruptions, while temporary suspensions of service have occurred between Madras and Calcutta and on the Bengal and Nagpur railway, the second route from Calcutta to Bombay. These disorders, coupled with flood washouts along the Northwestern Railway from Karachi to Lahore, and from Karachi to Baluchistan, seriously affected India's entire transportation system during August, and recovery is as yet by no means complete.

#### *Industrial Disturbances*

While the strike in the Tata Steel Plant at Jamshedpur is now in process of settlement, employees of the Steel Corporation of Bengal and of the Mysore Iron and Steel Works are still on strike. These three produce all but a minute fraction of India's steel. In Bombay, 64 out of 67 textile mills are now back in production, but in Ahmedabad the employees of 50 mills have not yet returned to work. In Bangalore, India's one aircraft factory has apparently resumed production. Although many private plants working

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on government contracts have been obliged to close down, the government ordnance factories have been able to maintain operation. By the payment of "dearness allowances", the establishment of food shops selling goods at regulated prices, and the use of police and troops, the Government has tried to keep dislocation of its industrial program down to a minimum.

In general, opinion reaching this country differs as to whether the disorders have been the work of Congress groups or of hooligan elements. The Government claims that these outbreaks conform to a plan formulated by Congress leaders before the Bombay meeting of August 7. Congress sympathizers maintain, however, that the disorders are not Congress-directed, and that Congress nonviolent noncooperation when it begins will be far more general and far less controllable than the anti-British activity to date.

With this latter opinion an American observer on the spot is in substantial agreement. He believes that an intensified civil disobedience campaign will start very soon, and that it will be so powerful that the Government will be unable to suppress it. The present tendency to minimize the possibility of a Japanese invasion of India, he maintains, is strengthening the position of the Government in its refusal to reach a clear-cut settlement of India's current difficulties. Unless the British offer the Indian people a constructive, workable program, he concludes, India cannot become an effective United Nations base for military operations against Japan.

#### *Significance of General Justo's Offer*

The offer of the Argentine General Justo to serve against the Axis in the Brazilian army adds considerably to the embarrassment and discomfort of the adamantly isolationist Castillo Government. Though General Justo may be motivated to some extent by personal political aspirations, the

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fact that he, an ex-President of Argentina with pronounced conservative leanings, has decided to throw his full weight on the side of the United Nations is further indication of the narrow political base which supports the Castillo semi-dictatorship.

General Justo's petition to the Argentine Congress for permission to serve in the Brazilian army has been referred to a subcommittee on constitutional affairs. Significantly enough, Deputy Raffo de la Retta, a member of Castillo's own party, has already publicly recommended that Argentine citizens be granted the right to serve in any American army. In the meantime, General Justo has made political capital of his situation. He has appeared jointly with President Vargas and Nelson Rockefeller at a huge public meeting celebrating the 120th anniversary of Brazilian independence.

#### *Brazil Expropriates an Axis Estate*

The recent expropriation for defense purposes of a \$100,000,000 Italian owned estate (the property of Henrique Lage), with wide holdings in shipping, mining, and industry, indicates the vigor of the Vargas administration in prosecuting the economic phase of the war. This act is also in line with the recent trend in Brazil toward state ownership of basic industries. The federal government already owns the Lloyd Brasileiro, principal steamship line of the country, the new steel mill at Volta Redonda, and many railroad lines.

The shifting of submarine packs to the South Atlantic has increased the food shortage in the bulge area of Brazil, already serious because of two years of drought and wartime demands upon existing stocks. Coastwise traffic which normally brings surplus foodstuffs of the rich agricultural southern states to northeastern Brazil has been disrupted by recent ship sinkings and by reluctance of vessels to leave port without naval escort.

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APPENDIX I

INDIAN OPINION IN THE CURRENT CRISIS

Since the arrest of the Congress leaders on August 8, the Government of India has imposed a severe censorship on the publication of news about the current disorders. It has not, however, seriously interfered with the expression of opinion. The following commentary on the present state of Indian opinion has been prepared by the British Empire Section of the Office of Strategic Services (for the attitude of the Congress, see *The War This Week*, July 30-August 6, pp. 22-24).

*Possibilities of Compromise*

With an astonishing degree of unanimity, the English and vernacular press, the leaders of political parties, the Archbishop of Calcutta, and many other prominent Indians and British in India have urged the Government to seek a solution for the country's present difficulties through negotiation with the Congress. Although the proposed terms of a compromise vary widely, all speakers have deplored the methods of repression currently employed by the Government. Many have suggested mediation by the United Nations or by the United States alone.

Before being jailed, the Congress leaders themselves apparently hoped for discussion and compromise. Of these leaders Nehru had the clearest idea of the terms on which negotiation might proceed, while Gandhi seemed less certain and less sure that discussion would be profitable. Rajagopalachariar, ex-member of the Congress Working Committee, and Sapru and Jayakar, leaders of the Moderates, now seem to be outstanding figures who offer hope for a reconciliation of India's divergent elements.

*Moslem Opinion in India*

Alone among important parties, the Moslem League has not insisted upon a compromise with the Congress—maintaining that the Government should first grant the League's own demand for the division of India into separate Hindu and Moslem States (the *Pakistan* proposal). Though urgent in demanding independence, the League refuses to consider any solution that would leave India a united nation. Yet there are reports that several members of the League's Working Committee, including the vice-president, have suggested negotiation with the Congress.

Furthermore, a number of Moslems holding high elective office, object to the intransigence of the League's president, Mr. Jinnah. These include the premiers of the four provinces with Moslem-dominated ministries. Such men, since they represent Moslem constituencies, presumably are aware of their constituents' sentiments. Moreover, the Jamiat-ul-Ulema-i-Hind, the association of Moslem divines in India, in August adopted a strongly pro-Congress and anti-League resolution. The Azad Moslem Conference and a number of lesser Moslem groups are also opposed to the League. While the League's present strength is a matter

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of considerable doubt, it is apparently at least the strongest single Moslem party in India, though not necessarily stronger than all the others combined.

*Moslem Opinion Outside India*

Outside India, the Moslem Near East seems little interested in the success of the Moslem League's *Pakistan* proposals, according to recent confidential reports from American observers. In Egypt the dominant Wafd party maintains cordial and sympathetic relations with the Indian National Congress. Turkey understands India's demand for independence. Some Turks consider the present an inopportune time to insist on freedom, while others are in sympathy with the Congress. Iraq is impressed with the vigor of British repressive action, though the anti-British masses tend to applaud Gandhi and the Congress. Public opinion in Iran wants to see the British expelled from India and favors the Indian Nationalist cause.

Only Saudi Arabia, which is Wahhabi and therefore religiously conservative and fundamentalist, views the Indian problem as a struggle between the true faith of Islam and the heathenism of the Hindus. In Afghanistan the desire for a greater Afghanistan creates support for a *Pakistan* state—presumably dominated by Afghanistan. In general the Islamic world is apparently more interested in nationalism and the removal of British imperialism in the Near East and elsewhere than in pan-Islamism or religious self-assertion.

*The Depressed Classes (Untouchables)*

Although the opinion of the depressed classes is frequently mentioned, it is not clear that these classes actually have an "opinion." Dr. Ambedkar and Mr. M. C. Rajah profess to be their leaders and venture to speak for them. Mr. Gandhi also professes to be one of their leaders. Ambedkar and Rajah both oppose the Congress program.

The difficulty is that the 48 million untouchables are the least politically conscious of all India's 388 millions, and no organization claiming to represent them can show any sizeable membership. Neither is it likely that many of these people respond to the programs advanced by self-nominated spokesmen. Most of the untouchables are still submissive to the theory and practice of traditional Hinduism and can hardly see any realism in proposals to relieve their social and economic degradation. The few that do, like Ambedkar and Rajah, want the Depressed Classes to keep as free as possible from entanglements with other political organizations in order to increase their bargaining power. On the other hand, Gandhi declares that the Depressed Classes should remain with Congress and not become a divisive element in Indian politics.

*The Hindu Mahasabha*

The third most powerful political party in India, the Hindu Mahasabha voices the communal interests of the Hindus, as the Moslem League does for the Moslems. It feels that the Congress has been too subservient to the Moslems, and has not taken a sufficiently strong stand in protection of the rights of the majority. It stands primarily on the principle of majority rule, that is, rule by the group (Hindu) which it represents. The Mahasabha has just reiterated its unyielding

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opposition to Pakistan and has demanded immediate independence (subject to the limitations imposed by the war) and the formation of a government representative of all parties. Though Hindu, the Mahasabha is not averse to violence; it asserts that a partitioned India will fall into civil war (the Moslem League prophesies civil war if India is not partitioned).

On one issue, however, all Indian parties are in agreement. They all demand the rapid transfer of administrative control to native Indians and the abolition of the post of Governor-General (Viceroy) and the Secretaryship of State for India in London. At the present time, although 11 out of 15 members of the Viceroy's Executive Council are Indians, they do not enjoy the country's confidence, since they have no parliamentary responsibility. Furthermore, the Governor General has an ultimate veto over any of their decisions. Finally, the positions which Indians consider most important, the Finance Ministry and the Home Department (which controls the police and internal affairs), are still held by Englishmen.

## APPENDIX II

## FOOD SUPPLIES IN CAUCASIA

The loss of territory and the transport difficulties imposed on Russia by the German invasion of the North Caucasus will accentuate the present serious problem of food supply in Russia as a whole and will have immediate repercussions in the Trans-Caucasus, according to a report prepared in the East-European Section of the Office of Strategic Services. The North Caucasus normally yields a surplus of grain, vegetable oils, livestock, and fish (caught in the northern waters of the Caspian). The Trans-Caucasus normally has a surplus of cotton, tobacco, tea, and citrus fruits, but a serious deficit of grain.

Although the effects of the loss of the North Caucasus on Russia's over-all food position are still under study, it is obvious that unoccupied Russia to the north and east has been denied important grain supplies as a result of the present partial occupation of the North Caucasus. A further occupation of the entire North Caucasus would similarly deny this region's livestock resources to the rest of Russia. As for the Trans-Caucasus, the current German advance to the north has already complicated its food position by decreasing its outside supply and by increasing its demand (owing to the influx of soldiers and refugees)—a situation which the complete occupation of the North Caucasus would only intensify.

## Bread Grains

Both the North and Trans-Caucasus areas produce a considerable volume of agricultural supplies, as is indicated in the following tables:

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## Area sown to principal crops, 1935

[Thousands of acres]

	Total Trans-Caucasus	Georgia	Armenia	Azerbaijan
Wheat:				
Winter.....	2,012.4	647.4	266.9	1,098.1
Spring.....	520.8	141.6	310.2	69.0
Oats.....	52.9	15.1	6.9	30.9
Winter rye.....	34.6	8.4	22.5	3.7
Barley:				
Winter.....	477.7	53.4	7.2	417.1
Spring.....	530.0	196.2	219.2	114.6
Corn.....	995.6	973.1	2.2	20.3
Rice.....	64.7	1.0	2.2	61.5
Potatoes.....	121.6	56.8	29.2	35.6
Vegetables.....	78.3	36.3	11.1	30.9
Melons.....	46.9	10.6	5.2	31.1
Legumes.....	97.1	21.5	5.9	69.7
Sunflower seed.....	54.1	33.6	1.2	19.3
Tobacco.....	72.1	52.1	7.2	12.8
Cotton.....	530.0	5.2	42.2	482.6
Forage and hay crops.....	300.0	106.5	65.0	128.5
Other crops.....	225.0	76.9	67.5	80.6
Total.....	6,213.8	2,435.7	1,050.8	2,697.3

## Output of principal agricultural commodities, 1937

[Thousands of tons]

	Trans-Caucasus	Georgia	Armenia	Azerbaijan
All grains.....	2,381.5	1,107.0	402.9	871.5
Cotton.....	255.5	3.0	23.8	228.8
Tobacco.....	24.1	17.9	1.9	4.3

<sup>1</sup> Estimated on the basis of 1938 acreage.

## Output of principal agricultural commodities, 1934

[Thousands of tons]

[Exclusive of Stalingrad Krai]

	Total North Caucasus Krai <sup>1</sup>	North Caucasus Krai <sup>1</sup>	Asov-Black Sea Krai	Kalmyk Autonomous Republic <sup>2</sup>
All grains.....	7,921.2	3,463.9	4,355.9	92.3
Potatoes.....	1,207.0	648.7	548.8	8.5
Cotton.....	12.4	10.6	1.8	0.1
Legumes.....	51.1	20.2	30.8	0.1
Sunflower seed.....	683.0	206.9	474.0	0.9

<sup>1</sup> 1934 boundaries.<sup>2</sup> Estimated on the basis of sown area in 1935 and 1934 yield for Stalingrad Krai, of which the Kalmyk Republic was part.

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The North Caucasus normally yields a grain surplus of about 1,800,000 tons annually. A third of this surplus, some 600,000 tons, has usually been required to meet the grain deficit of the Trans-Caucasus region. The remainder is available for general distribution. The Germans now occupy almost all of the grain area in the North Caucasus, and although the current harvest may well have been gathered before the invasion, it is certain that it was not fully transported from the battle zone.

The normal grain deficit of the Trans-Caucasus will, in the coming year, be augmented by the presence of at least 1,500,000 refugees. Should the Germans complete the conquest of the North Caucasus, additional refugees can be expected, raising the total accretion in the civilian population to perhaps 3,000,000. Under normal conditions, the Trans-Caucasus deficit for civilian uses might thus be raised from 600,000 tons annually to almost 1,600,000 tons. It is believed that under war conditions this figure might well be reduced to somewhat more than 1,000,000 tons. Thus approximately 100,000 tons per month of shipping space on the railways to Guriev and Krasnovodak, and an appropriate volume of merchant shipping on the Caspian, may have to be allocated to this civilian need, complicating the already difficult and costly problem of military supply in the Trans-Caucasus. When the civilian population is short of food, it is obvious that the entire food supply of the Russian army in the Trans-Caucasus constitutes an additional deficit item.

**Vegetable Oils**

German occupation of the North Caucasus will deny to Russia important oil-seed resources, in the form of castor oil beans and sunflower seed. The area is the largest producer of castor oil beans in the country. The loss of the vegetable oils from these sources not only will affect human consumption, but will also reduce the supply of lubricating oil, since castor oil is, in part, used for the lubrication of airplane engines in Russia. There is a very small production of sunflower seed in the Trans-Caucasus.

**Livestock**

The major livestock regions in the North Caucasus have not yet been fully occupied by the Germans. If the whole of the North Caucasus is occupied, large quantities of meat and meat products, as well as 33,000 tons of hides per year (about 8 percent of the total national hide output) will be lost.

The substantial livestock population of the Trans-Caucasus will undoubtedly suffer from an acute shortage of feed and forage crops which are normally imported in quantity, from other areas. This shortage will result in extensive slaughtering of the Trans-Caucasus herds in the course of the coming year, at a time when meat would also be used to supplement the probable scanty bread ration of the region. The loss and decimation of the Caucasus herds would constitute a serious long-run blow to Russian animal-husbandry and agriculture.

**Miscellaneous Products**

In 1938 more than 60,000,000 pounds of fish were caught in the waters of the Caspian Sea. The main fishing area lies in the northern part of the Caspian which would, of course, be particularly vulnerable to German air attack, should

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the North Caucasus be fully occupied. It is likely that the fish requirements of the Trans-Caucasus could be met under these circumstances, but relatively little of the Caspian catch would be available to the rest of Russia.

The Trans-Caucasus produces a sizeable proportion of the Russian cotton crop. Transport difficulties, however, and the need for reserving transport facilities for the shipment of oil and manganese from Trans-Caucasus to Central Russia will undoubtedly force the Russian industry to rely almost exclusively on the cotton crops of Central Asia.

Some 72,000 acres in the Trans-Caucasus produced, in 1938, 24,000 tons of tobacco. It is probable that this crop will be moved, owing to its relatively small bulk and the importance of tobacco in maintaining civilian and military morale.

Finally the Trans-Caucasus virtually monopolizes the cultivation of tea and citrus fruits in the U. S. S. R. The compact tea crop (11,000 tons in 1938), like that of tobacco, would probably get relatively high priority for transport. It is doubtful, however, if the more bulky lemons and tangerines of the Trans-Caucasus will be generally available in Russia in the course of the next year.

**APPENDIX III**

**RUSSIA AND THE SECOND FRONT: A SOVIET ACCOUNT**

(The following account of the evolution of Russia's attitude toward a second front is based on remarks made to reliable sources by prominent Soviet citizens now in this country.)

**Early Russian Attitude**

Before the Russo-German war and during the first months of that conflict there was a strong tendency among young army commanders of the U. S. S. R. to distrust the Allies, politically as well as militarily. Voroshilov was considered the spokesman of a number of Russian commanders and certain high officials when he remarked of the British and French in 1939, "Let us see what kind of fighters they are." Though ardently anti-German and insisting on the necessity of an uncompromising struggle, this group has felt that the Soviet Union must rely upon her own resources and consider the war exclusively her own.

Such was not Stalin's point of view. With the agreement of the leading men of his government, of the Political Bureau of the Party, and of the High Command, Stalin consistently spoke of the Russian struggle as part of a common fight on the side of the Allies. Stalin is convinced that Russia cannot win the war alone; he is fully aware of the necessity of a good understanding with the Allies.

Nevertheless he agreed that it would be a more cautious *internal* policy to make the people of Russia consider this struggle as their supreme national fight, and not arouse exaggerated hopes of Allied aid. With this policy in view, the war was called in official statements "The Second National War" (the first was the campaign against Napoleon). In this early period, propaganda organs made no mention of a "second front." The official line taken by press and radio was that a friendly

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relationship prevailed among the U. S. S. R., Britain, and the United States, that the Allies gave what help they could, and that there was no reason to worry.

### *The Intermediate Stage*

After the winter campaign, the appeal to the Allies for a second front grew more insistent. The official stand was revealed in Ambassador Litvinov's speeches of February and April, in which he called for the utmost aid and the fullest use of Allied armies, navies, and air fleets. The parts of these addresses that dealt with the Allies were all worded in Moscow.

But while the Soviet Government negotiated, the Russian press kept silent editorially, on the second front. A Soviet citizen could learn of the problem in his newspaper only from short reports of news from London and Washington. The tendency in official statements was to be optimistic about Allied aid. For political and military reasons, the Moscow Government did not want to make public its anxiety and annoyances about supplies. The public impression that assistance from abroad was satisfactory was strengthened by the June announcement of the Russo-British treaty, and by the public mention in Russia of an agreement on the second front issue.

### *The Current Demand for a Second Front*

At the end of June and the beginning of July the situation changed. Hints about the second front appeared more and more frequently in the Soviet press, until now the subject is in the forefront of the news.

This new public demand for a second front springs from the critical military situation, from German technical superiority, from the warnings of the Russian High Command, from the growing pressure of opinion in the Army and in the country. The Russian High Command and leading officials are concerned lest the lack of a second front impair morale and bring disillusionment after the hopes aroused by the announcement of Molotov's visit to London and Washington. For the first time, the so called "political commissaries" reported that soldiers were asking, "And where are our Allies? Why do they not help us?" Although not always expressed in the press or in public meetings or in the forms familiar to the democracies, Russian public opinion exists as a real and powerful force that the Kremlin must take into account.

### *No Separate Peace*

The force of this opinion is one reason why fears of a separate Russian peace are groundless, our Soviet sources continue. The harm Hitler has done to the country is so great, the hatred he has provoked so intense, that the Russian people are ready to fight to the bitter end. Never before has there been in Russia such a rise of national spirit. The days when the Soviet Government could do what it would with the people ended when the latter were given arms. Today, powerful as Stalin is, he could make peace only if the Army and the armed people consented. And the popular attitude of today is not that of 1917.

The ruling group in Russia, moreover, realizes that from the political point of view the only way to preserve the Soviet system is to continue the war. Anything else would be suicide both for the system and its leaders. The scorched earth

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policy and Russia's unrelenting struggle are proof of her determination to fight to the end.

Nor is there any party in the Soviet which could come to the surface in case of defeat. "Appeasers" do not exist in Russia. The Germans themselves can not name any important Russian Quislings. Even the minority groups are strongly anti-Nazi, except the Turks of Azerbaidzhan, whom the Russians distrust. Moreover, Hitler could not be satisfied with dividing Russia into free and occupied zones; his objective is to smash forever the Russian state, politically, economically, militarily.

But while a separate peace is excluded, the possibility exists that Russia might suffer a military collapse. If her armies were broken and forced to retreat to the Urals, the Russian theater would be reduced to a secondary front of large-scale guerrilla warfare, with only local operations on various small fronts.

It is this possibility, our Soviet informants conclude, that has occasioned Russia's criticisms of the war effort of her Allies and her current demand for a second front.

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OFFICE OF STRATEGIC SERVICES

THE WAR  
THIS WEEK

September 10-17, 1942

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*10*  
*For The President*

SEPTEMBER 10-17, 1942

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Office of Strategic Services

## THE WAR THIS WEEK

At inordinate cost to the attackers, the Russians have to date beaten off terrific German assaults on beleaguered Stalingrad, but observers fear that the city may fall in the next few days. They believe, however, that the prolongation of the siege may well already have affected the course of the war. Meanwhile in the desert Rommel has dug in behind a tank screen to pose a riddle: will the Nazi High Command divert adequate strength to Egypt for a full scale offensive this fall, or will it prefer at relatively low cost to oblige the Allies themselves to continue a large diversion of forces and shipping to this area?

As a logical development of their earlier seizure of Diégo-Suarez, the British this week struck into the interior of Madagascar. Little further French resistance is anticipated. Conquest of the island will give the British control of Mozambique Channel, vital supply lane to Egypt, Russia, and the Far East. The situation in Madagascar has also offered a key to the solution of the Anglo-French impasse in the Levant: De Gaulle has been advised by the British that the Fighting French could hardly be permitted to administer civil affairs in Madagascar unless the Syrian imbroglio were settled. De Gaulle has apparently yielded and is reported to be returning to London.

While Turkish leaders have once more declared their determination to fight if attacked (this time to Mr. Willkie), Laval has yielded to German pressure in a decree making labor compulsory in France, and reports from French North and West Africa indicate further developments there favorable to the Nazis.

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The battle for the Solomons entered a new phase this week when Japanese infiltrations by night on Guadalcanal Island were followed by more ambitious enemy operations whose outcome is not yet known. Meanwhile the Japanese have renewed their land advance on Port Moresby, and military observers expect a fresh enemy attempt to seize Milne Bay. These recent Japanese successes, emphasizing the techniques of infiltration, come at a time when Japan's air strength has very notably declined as compared with her position at the beginning of the war.

The independent Indian press has castigated Churchill's speech on Britain's policy toward India, and cautious observers in that country believe that the speech has rendered more difficult the course of compromise. Such a course is now being undertaken by a prominent group of non-Congress leaders.

In China, the Generalissimo is reported to be attempting to extend Kuomintang authority in Sinkiang and generally among the Communists of the northwest, while speculation continues as to the reasons for the somewhat enigmatic Japanese withdrawal in Chekiang, Kiangsi, and Kwangtung.

In Argentina President Castillo is continuing maneuvers which aim to undermine the influence of the United States in South America, while President Vargas of Brazil is reported to be seeking wider support for his administration from all anti-Axis political groups.

#### *Stalingrad's Eleventh Hour*

With the Soviet communiqués almost daily announcing further withdrawals around Stalingrad, there seems little hope that the city will be able to hold out much longer. Throwing every available resource into the current effort, the two enemies have been locked in a struggle of unparalleled severity. The Germans, with forces estimated at 30 divisions

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encircling the city, have been bombing communications along the Volga as far south as Astrakhan, and have destroyed the Russians' pontoon bridges south of the besieged city. The defenders have made every effort to reconstruct these bridges, while the Red Air Force has sent reinforcements to the city. Now, however, with street fighting already in progress, the attackers are advancing through the ruins created by more than three weeks of air and artillery bombardment. The press anticipates that Hitler's announced broadcast may proclaim the fall of the city, and in addition may explain the strategic decisions dictated by Stalingrad's prolonged resistance.

To the south, after almost two weeks of comparatively slight changes, the Nazis are again threatening several strategic Soviet outposts. On the lower Volga a German mechanized column has apparently reached the river near Seroglazka, about 70 miles north of Astrakhan. The latter, however, would probably prove indefensible were Stalingrad to fall, and the fate of the Volga delta city is probably dependent on the outcome of the struggle to the north.

In the Groznyi theater, the Germans seem again to have enlarged their bridgehead across the Terek River near Mozdok. On the Black Sea Shore, the Nazis, after completing the reduction of Novorossiisk, have evidently decided to pause for reinforcements before launching an attack on the next port, Tuapse. The mountains near this port, moreover, offer far better defensive possibilities than those protecting Novorossiisk.

#### *The Peril of the Passes*

Far more serious, however, is the report that the small German mountain groups that have been infiltrating the west Caucasus passes now command Tsagerker (7,626 feet), Naur

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(9,506 feet), and Marukh (10,594 feet) passes, west of the Klukhor. Some of these units have probably renewed contact with each other on the Trans-Caucasus side of the mountains, while the group that negotiated the Tsagerker is now reported to be within 25 miles of the Black Sea port of Sukhumi, south of the Caucasus.

Military observers point out that this advance represents a direct threat to the Black Sea highway—the Russians' only line of retreat from the northern littoral—and an indirect threat to the ports still available to the Soviet Black Sea fleet. On the other hand, there is no evidence that the German units that have crossed the mountains are of any considerable size, and with reports of snow already falling in at least one of the Caucasus passes, their reinforcement may soon become increasingly difficult.

To the north, the Germans have counterattacked in the Rzhev sector. Meantime both here and around Leningrad the Russians have resumed the offensive—apparently in an effort to relieve Leningrad by establishing a bridgehead across the Neva River, and to reduce the enemy's threat to Moscow by eliminating his spearhead at Rzhev.

#### *Finland's Grain Supplies*

Reports from Helsinki now concur in stating that the Germans are constructing permanent fortifications in Northern Finland—apparently in anticipation of another winter of comparative inactivity in this sector. Such a prospect makes the Finnish grain situation a matter of crucial importance.

According to data gathered by the Economics Division of the Office of Strategic Services, Finland's crop prospects—despite the pessimistic forecasts of mid-summer—have now materially improved. Apparently Finnish farmers will be able to meet without difficulty their seed requirements for fall sowing. Furthermore, a new German-Finnish grain agree-

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ment provides for the delivery by Germany of 230,000 tons of breadgrains in the 12 months following September 1, 1942. Even if the Finnish breadgrain crop this coming year falls as low as 390,000 tons (the lowest estimate presented), the delivery of the grain promised by Germany would make the total supplies for 1942-43 620,000 tons—only slightly lower than the estimated minimum total of 641,000 tons for 1941-42. This latter total (169,000 tons Finnish wheat, 272,000 tons Finnish rye, about 200,000 tons of imports from Germany) should have sufficed for Finland's wartime consumption.

#### *Rommel Digs In*

In Egypt Rommel has dug in behind the anti-tank screen he established after his recent withdrawal, and there are no indications that he plans any early renewal of his offensive. Nor is there any evidence that he will withdraw any farther. His supply situation is probably adequate to sustain him where he is. The question of whether a large scale effort will be made to drive the British out of Egypt this fall probably hinges on whether the High Command in Berlin considers this theater of sufficient importance, on balance, to divert considerable strength to it from other fronts. Meanwhile the British are receiving significant reinforcements.

The constant effort of Allied planes and British submarines to disrupt Axis supply lines was supplemented this week by a land, sea, and air attack on Tobruk. In the face of heavy opposition, light naval forces and a small army detachment attacked the base, while powerful Allied air forces continued their extremely heavy pounding of Tobruk's shipping and port facilities.

#### *British Advance in Madagascar*

The British advance into the interior of Madagascar is the logical sequel to the four months old occupation of Diégo-

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Suarez. The original occupation, ostensibly undertaken to prevent France's major Indian Ocean naval base from falling to the Japanese, could not by itself protect the vital Allied supply routes to the Middle and Far East; and it was always doubtful how long the British could confine themselves to holding this single limited objective. Reports of continued sinkings in the Mozambique Channel indicated that the Axis threat to United Nations shipping still persisted, and evidences of connivance on the part of the Vichy-controlled Madagascar government continued to accumulate.

#### *The Military Operations*

The naval and air bombardments of September 10, followed by troop landings at west coast ports—notably Majunga and Morondava—signalized Britain's determination to end this dangerous state of affairs by taking control over the entire colony and occupying Tananarive, the capital, high on the central plateau. Imperial forces, following the route of the French conquerors of 1895, are directing their main effort southeast along the main Majunga-Tananarive highway and have successfully crossed the Betsiboka River despite damage to bridges and light opposition. Ahead of this column at Ankazoba there is believed to be a minor concentration of opposing forces. A second British column is making its way eastward along the unpaved road from Morondava and has reached Ambositra, on the southern approaches to the capitol. Meanwhile from Diégo-Suarez British forces have advanced down the east and west coast to occupy Vohemar and Ambanja.

French strength in Madagascar probably totals about 6,000 men, of whom most are reservists, with only a handful of whites. The British are apparently mopping up as they go. Terrain difficulty increases as Tananarive is approached, but no major military opposition is expected. Latest reports from

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Vichy assert that the French Governor-General has already opened negotiations with the British commander.

The mere policing of an island nearly three times the size of Great Britain will not be easy. Active opposition by the inhabitants is not probable, but the Malagasy are notoriously uncooperative, and the native intellectual minority will doubtless try to exploit any discrepancies between the Atlantic Charter and the British undertaking to restore the colony to France. Most of the French population, though sorely tried by the vicissitudes of recent months, should be reconcilable if the British are able to alleviate the present deplorable economic situation. In Vichy France the general reaction appears to be apathetic, despite Laval's "indignation" over this "new aggression".

#### *Tension Eased in Syria*

In the Levant a crisis in Anglo-French relations appears to have been averted, at least for the present. Shortly before the current British offensive in Madagascar the Fighting French in London were informed that, despite earlier plans, the British could hardly allow the De Gaulleists to administer civil affairs in Madagascar, unless De Gaulle returned to London and settled the Syrian impasse. The French National Committee in a telegram to De Gaulle urged that the civil administration of Madagascar was infinitely more important than the Syrian settlement, which involves merely mandated territory.

De Gaulle apparently followed the same line of reasoning. He has notified the British that he is hopeful of a settlement, and is reported to have informed the French National Committee that he will return to London next week, following a trip to Equatorial Africa, where depressed morale makes his presence badly needed. Among other factors which probably contributed to De Gaulle's decision may have been

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the difficulties he has experienced in asserting his position in the Levant. He was, moreover, gratified that the British gave him advance notice of their plans in Madagascar. He also had a conversation with Mr. Willkie on September 10, in which the latter presumably stated that the United States wanted to see a crisis avoided in Anglo-French relations in the Levant.

Ample causes for controversy appear to be ahead, however. The French National Committee, eager to have De Gaulle return to London, may have overstated British remarks with regard to Madagascar. De Gaulle as a soldier may not easily agree to leaving military control there entirely in British hands, especially if the Fighting French are anxious to make of Madagascar a precedent for future use. De Gaulle's departure from Syria in the coming week would mean that he has lost at least the first round of his struggle to maintain his position in the Levant; but for the United Nations it would mean that—regardless of the merits of the case—a critical situation threatening the rear of the British position in Egypt has been averted.

#### *Turkey Reaffirms Her Determination to Defend Her Integrity*

In lengthy conversations with Mr. Willkie, the Turkish Prime Minister and Foreign Minister reviewed the policy of their country and repeated their determination to fight if attacked. They cited, as an indication of their policy, Turkey's earlier refusal of a German request to transport war matériel across Turkey at the time of the coup d'état in Iraq—a moment when the military outlook for Britain was extremely dark. Expressing their hope for an Allied Victory, the Turkish spokesmen renewed their appeals for grain, oil, and war matériel. Saracoglu evinced particular concern over the wheat problem for the coming year.

Mr. Willkie apparently was very favorably received. He

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enjoyed a good press, and the Turks were impressed by his mission as an indication of American unity.

British sources appear to show more concern about the increasing German pressure on Turkey which is shortly expected, perhaps in the form of demands for transit privileges or the use of airdromes in Asia Minor. German deliveries of rolling stock and German installation of a telephone line from Istanbul to Ankara are taken as straws in the wind that bear careful watching.

Meanwhile the Turks themselves are believed to have completed the large movement of troops and matériel from the Istanbul area to northeast Turkey that has been going on since July.

#### *Laval Decreases Compulsory Labor*

Having failed in every attempt to meet Germany's demand for French industrial workers, Laval has now apparently decided to maintain himself in power by decreeing compulsory labor for all Frenchmen from 18 to 50 and for unmarried women from 21 to 35 years of age. In addition to rationalizing industry and increasing working hours, the new law, which bears the signature of Pétain as well as Laval, is admittedly designed to provide labor for Germany or to execute German economic orders—a fact which the German press flatly asserts. It is also stipulated that foreigners residing in France may be subjected to similar measures.

Secretary of State Hull has delivered a strong protest, warning that the consignment of French labor into Nazi hands "would be wholly inconsistent with France's obligations under international law." Mr. Hull also condemned the Vichy government's mass deportation of helpless refugees, and indicated that America's patience with Vichy was wearing thin. Contrary to the press announcement of

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Propaganda Minister Marion Laval has never asked the United States to receive these Jewish refugees.

#### *Personnel in French Northwest Africa*

From North Africa it is reported that at some future date, Laval intends to remove all the important French officials now in that area. Meanwhile the replacement of M. Pierre Pagès as the Prefect of the Department of Algiers has been announced. Pagès, who had encountered the opposition of the younger members of the *Légion des Anciens Combattants*, the *Service d'Ordre de la Légion*, and Doriot's followers, will be succeeded by M. Emmanuel Temple, a close associate of Laval whom he publicly supported when the latter was ousted from power in 1940.

From Dakar reports indicate a general expectation of some major impending development. The fact that the Germans are so anxious to have Stuka planes stationed there is taken as an indication of their intense interest in the territory. Although the Germans are now reported to have sent only one observer to Dakar, Governor-General Boisson apparently withdrew his resignation only on the assurance that this observer will remain for a temporary stay, and "in principle" for not longer than twenty-one days. The new commander of the land forces in French West Africa is General Falvy, who is reported to be a collaborationist, ambitious to become Supreme Military Commander in place of Barreau, and possibly Resident-General in place of Boisson.

#### *The New Spanish Foreign Minister*

Shortly after succeeding to office, Foreign Minister Jordana notified all Spain's envoys that no change in foreign policy was to be expected. Nevertheless, he has indicated that Spain will henceforth try to maintain a more correct neutrality.

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He is understood to have stiffened the Spanish committee engaged in economic negotiations with the Nazis, and to have promised to watch strictly any belligerent submarines that come into Spanish ports. Apparently he also intends to feel his way cautiously toward curbing the influence of the Party; but it should be remembered that the Falangists are still strongly represented in the Government.

From several sources rumors suggest that General Orgaz may be removed from his post in North Africa. Orgaz himself, however, has stated that he will stay where he is.

#### *Third Round in the Solomons*

Allied positions on Guadalcanal Island, site of our chief air bases in the southeastern Solomons, are once more under heavy attack. While details are unavailable, it is apparent that persistent enemy attempts to land small detachments at night at unprotected coastal points have been successful, and that these points have been reinforced. This process of infiltration has proceeded quietly for some time, with the Japanese apparently aiming not only to secure intelligence but to harass and scatter Allied defenders.

Larger operations in support of these units began on September 11, when a force of 3,000 Japanese succeeded in reaching Tasimboko Bay, on the north central coast about 20 miles east of our airfield at Kukum. During the night of September 13-14, United Nations' forces repelled an enemy ground attack designed to capture the airfield. The Japanese meanwhile have stepped up their own attacks, both by air and surface craft bombardment.

#### *Japanese Naval Concentration*

Japanese naval activity has been notable recently, both in the lower Solomons, where their main base appears to have been established at Gizo Island in the Georgia group, and in

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the upper Solomons in the Buin-Faisi area (at the southern extremity of Bougainville Island). In this latter area, 4 cruisers, 12 destroyers, 2 tankers, and 4 large transports were sighted September 13. At least one aircraft carrier has been observed in this general vicinity very recently, and there are probably more. Numerous destroyers are in use, as many as 26 having been sighted in one concentration off Bougainville Island, September 6. Probably a task force including both battleships and cruisers is being used in the current battle. In addition, large naval forces apparently are still on call farther north in the Marshall and Caroline Islands.

#### *Action at Efogi*

In New Guinea, the Japanese troops which forced a passage through the Owen Stanley Range have, after a week's lull, resumed their advance toward Port Moresby. Heavy fighting is reported in the rugged country around Efogi. Japanese bases across the mountains at Buna have been attacked repeatedly by United Nations' aircraft, but apparently this has not halted the movement of supplies and reinforcements. Japanese forces in this area were estimated some days ago at two regiments, one in a forward position and one in reserve, and it is believed the forward elements now have been reinforced. (A Japanese regiment normally includes about 3,400 troops.) In the face of superior Allied airpower, the supply problem facing the Japanese troops is extremely difficult. Nevertheless military observers believe the drive on Port Moresby will be pressed, and they add that a further attempt to seize Milne Bay is to be expected.

#### *Japanese Air Strength*

During the fighting in the Southwest Pacific, Allied fliers have increasingly had the upper hand. In consequence, the Japanese have apparently come to rely more heavily upon

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the slower methods of infiltration which have characterized their operations recently, both in New Guinea and in the Solomons. This is strikingly the case if these operations are compared with the earlier Japanese advances in Malaya and the South Pacific generally.

This situation may indicate an increasing inclination on the part of the Japanese to husband aircraft, which they are undoubtedly less willing to "waste" than manpower. The total strength of the Japanese air force, as of August 31, is estimated by military and naval observers at 3,688 planes. Japanese first-line strength at the beginning of the war was estimated at 2,600 planes, with 100 percent reserves—a total of some 5,200 aircraft available for operations. If the two estimates are based on comparable data, this situation represents a reduction to date in combat strength of some 1,500 planes. Present estimates do not allow for reserves, since it is now assumed that initial establishments, immediate, and stored reserves have been completely merged—an indication in itself of the thinning out of Japanese air strength.

Estimates of Japanese aircraft production are by no means in agreement, but the consensus would indicate a possible average monthly output of 525 planes of combat types. If this estimate is correct, the Japanese produced some 4,725 combat planes from December through August. Total Japanese losses would include this number, plus the 1,500 planes by which total strength has been reduced. The Japanese thus would have used up about 6,225 planes since December 7. Aircraft required to maintain the training program may be estimated at 1,175, leaving operational losses of 5,050, or 560 planes per month. These losses include, of course, not only planes shot down by the Allies, but those which are destroyed in operational accidents and damaged beyond repair either in combat or accidentally.

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*India: Postscript on the Prime Minister's Speech*

From India a chorus of protest has greeted Mr. Churchill's statement to the House of Commons declaring the British Government's support of the Viceroy and Government of India and reaffirming the Cripps offer of last spring as the basis of Britain's India policy. Apart from the Government-dominated *Delhi Statesman*, the Indian press has castigated the Prime Minister in unmeasured terms. To the *Bombay Chronicle*, the speech was "an amazing misrepresentation." The *Madras Hindu* has referred to "mischievous half truths" and declared of Mr. Churchill: "So far as India is concerned he is as dangerously irresponsible, as arrogantly contemptuous, as purblind as ever." In the view of the Calcutta *Amrita Bazar Patrika*, "Where Churchill's blunders have failed, Roosevelt, Stalin, and Chiang Kai-shek must labor and succeed by their combined wisdom."

One observer on the spot adds his own comments. He believes that Mr. Churchill has underestimated the number of deaths in the current disturbances, and surmises that many provincial ministers will be angry at the implication in the speech that they are supporting the policy of the Central Government. Furthermore, he has found no evidence of the fifth-column activity hinted at by the Prime Minister. In sum, he concludes, the speech will render more difficult the task of compromise now being attempted by a group of non-Congress leaders in New Delhi.

*Inter-party Negotiations*

The statement of this latter group calls for a "national government, pledged to the support of the war against the aggressors, consisting of representatives of major political interests, with complete autonomy in the international aspects during the period of the war and unfettered freedom thereafter." The signers of the statement are considered to

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reflect the width of its support. They include leaders of the Hindu Mahasabha, two of the leading Sikhs of the Punjab, and the Moslem Prime Ministers of Bengal and Sind.

Furthermore, the Mahasabha has issued its own statement declaring that "the demand for Indian freedom . . . has not been made by the Congress alone but by all important political parties in the country." Similarly, Sir Sikander Hyat Khan, Premier of the Punjab, has affirmed that the majority of Hindus sympathize with the Congress, while the Premier of Sind has said the same of the non-Moslem League Moslems. Off the record, one of the Indian members of the Viceroy's Executive Council has declared that 80 percent of India's people agree with the aims of the Congress.

At least one of the compromise negotiators, Khan Bahadur Allah Baksh, Premier of Sind, has declared that he is now convinced that Britain does not intend to free India even after the war is over, and Rajagopalachariar has implied as much. It is even being said in India that the British would rather have the country taken by the enemy, with the chance to win it back at the Peace Conference, than to abandon all hope of recovering India by giving it freedom now.

Meantime, compromise negotiations are stalled by the fact that Rajagopalachariar—the one suitable intermediary to talk with Jinnah—has evidently refused to act until the Government has changed its stand. Furthermore, there is some danger that Hindu-Moslem relations may become embittered at the current meeting of the Central Legislature. A Moslem League member is evidently intending to present a resolution calling for the regularization of a policy, already adopted in certain localities, of excusing Moslems from the fines imposed on the inhabitants of towns where disturbances have occurred.

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#### *The British Reaction*

Despite the acid criticisms of certain left-wing Labor members of Parliament (including Lord Strabolgi's suggestion that President Roosevelt arbitrate the Indian issue), the British House of Commons and press have given the Prime Minister their fairly uniform support. The *Daily Mail* and *Daily Telegraph* have gone right down the line with Mr. Churchill—the latter affirming that the Congress "seems to have enlisted the help of Japanese fifth columnists and certainly seeks to stab in the back those of its countrymen who have volunteered to defend India against the aggressor."

The *Times* is more moderate in its support. Taking issue with the Prime Minister, it declares that the Indian situation is "full of hazard" and that though the Congress may not represent all India, a settlement ignoring the Congress would be an impossibility, especially in view of the fact that all major parties in India agree with the Congress in demanding independence. "The most hopeful symptom of the past few weeks," it concludes, "has been a series of attempts, patient though hitherto abortive, by Indian party and nonparty leaders to find a way out through discussions among themselves."

The *Manchester Guardian* has continued its campaign for conciliation: "While the suppression of disorder is . . . welcome, there will be a deep disappointment in this country as well as among the United Nations overseas if Mr. Churchill's statement is to be the last word." Alone among major papers the *Daily Worker* vigorously takes issue with the Government's whole policy: ". . . refusal to negotiate only surrenders initiative to the enemy and does irreparable harm both morally and materially to the Allied cause."

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#### *Chungking Maneuvers for Position in the Northwest*

While the military fronts in China have remained quiet, political activity has increased. Chungking is evidently engaged in an attempt to extend Kuomintang authority as widely as possible throughout the northwest. General Chiang Kai-shek is reported to have been successful in negotiations which would increase Central Government influence in the hitherto Russian-dominated province of Sinkiang. Chiang is now attending a military conference in Sian at which, according to a reliable observer, he will attempt a general settlement of Chungking's relations with Sinkiang, and with the Chinese Communists of Shensi.

Chungking is in a strong position, since the Communists have been suffering severely from the unofficial Central Government blockade. Our observer reports that Chungking will probably propose that Communist areas be administered by the Kuomintang, that the Communist forces be absorbed in the main Chinese army, and that Communist leaders should reside in Chungking. He places little hope in the outcome of the conference, but, if agreement should be achieved, Sian will once again have witnessed an important turn in Kuomintang-Communist relations. It was at Sian that Chiang was kidnaped in 1936, and it was after this event that the Kuomintang and Communists originally formed a united front.

#### *The Meaning of the Japanese Withdrawal in Chekiang*

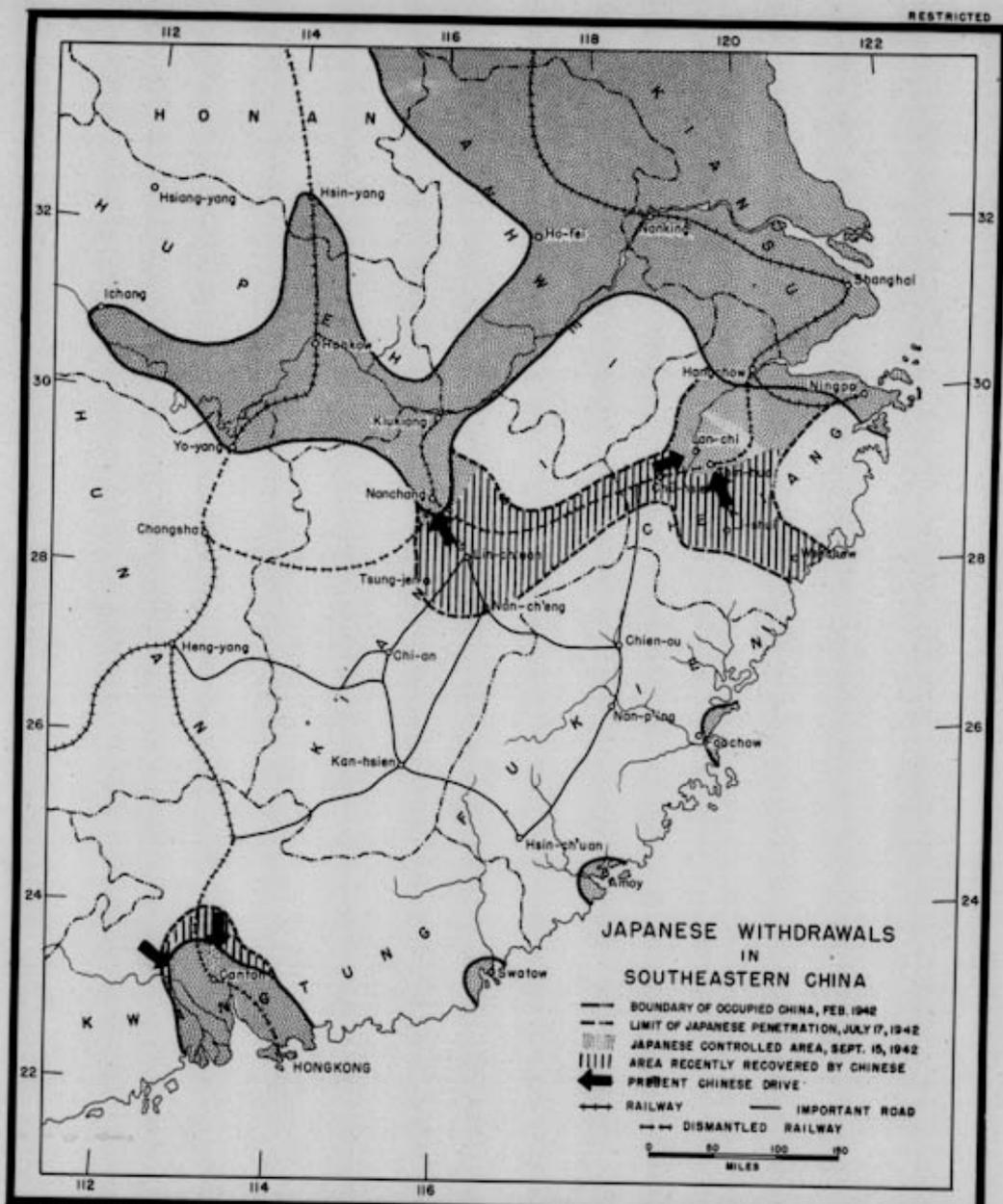
Speculation as to the significance of the Japanese withdrawal in Chekiang, Kiangsi, and Kwangtung has been stimulated by the considerable gains which the Japanese relinquished in their retirement (see accompanying map). Between May 15 and the last week of July the Japanese had occupied the entire Hangchow-Nanchang Railway, had cut off most of Chekiang from communications with Free China, and had

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occupied all the airfields in the province. They had established themselves astride the highway junction of Nan-ch'eng (northeastern Kiangsi), denying to the Chinese the use of the better of the two highways which connect Fukien with the other provinces of unoccupied China, and threatening the important highway which runs from Nan-ch'eng through Kan-hsien (Kiangsi) to Shao-kuan (terminal in Kwangtung of the Chinese held portion of the Canton-Hankow Railway). Subsidiary drives northward from Canton and south and west from Nanchang had made enough progress to be ripe for development into further prongs of a major offensive against the vital Canton-Hankow Railway. According to reliable observers, the Japanese advance of May-July did not meet important Chinese resistance. In August, still free from significant Chinese pressure, the Japanese fell back on Chin-hua, Nanchang, and Canton.

The soundest interpretation of the Japanese withdrawal is probably the view that the Japanese have withdrawn because their objectives have been achieved. According to this interpretation, the Japanese campaign should be regarded as a raid in force to destroy the Chekiang airfields and plunder Chekiang and Kiangsi towns of their accumulated supplies, with the possible additional purpose of providing valuable combat training for the Japanese troops involved. The fact that the Japanese, by retaining Chin-hua, are holding a position from which drives may be undertaken against the Chekiang airfields more easily than from Hangchow is some justification for this thesis. More important supporting evidence, however, is the fact that the Japanese withdrawal was preceded by well organized and systematic looting, and that the withdrawal occurred after harvests were completed. The Japanese have gained enough in plunder to offset the costs of the campaign and they retain an advantageous position at Chin-hua.

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*Military Decision in China Abandoned*

The Japanese withdrawal does indicate, however, that the Japanese will not make an immediate attempt for a military decision in China. Their retirement in Chekiang and Kiangsi demonstrates that they do not intend to develop a major offensive against the southeastern provinces and the Canton-Hankow Railway. Seizure of this railway would be as critical to Chungking and as valuable to Japan as would be the results of any other single Japanese drive in China. It is not likely that the Japanese have written off promising preliminaries for one major offensive merely to begin another somewhere else in China.

Moreover, there is some room for the hypothesis that the Japanese withdrawals signify a decision in favor of another theater of operations and may possibly give a clue as to where action may be expected. This hypothesis runs as follows: Japanese withdrawal has freed airfields and released Chungking from considerable economic pressure (by reopening Chekiang smuggling centers and by giving Chungking access to Chekiang salt and other products). The fact that the Japanese have withdrawn their troops at the cost of relinquishing air fields and economic pressure might indicate a temporary strain on Japanese manpower. This tightness of manpower is only credible if the Japanese are building up striking forces for another theater without weakening their heavy concentrations in Manchuria (since an attack on Siberia alone would probably not necessitate withdrawals in China). The fact that the Japanese have given up airfields in China close to Japan may be a clue to possible Japanese action against the immediate sources of China-based airpower, the Assam and Bengal bases of the India-to-China air route.

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*Continuing Enigma in Manchuria*

Although confirmation is lacking, Chinese sources indicate that at least one other Japanese division is leaving China proper bound northward, presumably either for Manchuria or Inner Mongolia. Tokyo radio, meanwhile, has relayed a statement by the Japanese commander in China, General Shunroku Hata, which, though the radio reception by our monitoring service was spotty, foreshadowed the "merging" of Japanese military action with the Axis war in the west.

*Argentina Seeks to Counter Our Influence*

The meeting of the chief executives of Argentina and Bolivia in the Bolivian border town of Yacuiba on September 17 is the most important of a number of recent maneuvers by which Castillo is attempting to dispute the political and economic leadership of the United States in South America and to counteract Argentina's isolation vis-à-vis the pro-democratic bloc. These maneuvers include cancellation of Paraguay's long forgotten 10 billion peso war debt; inauguration of a branch of the Argentine Central Bank in Asunción; sending of a military mission to Perú; opening of maritime service in Argentine vessels with Chile and other west coast countries; an invitation to Dr. Parra Pérez, Venezuelan Foreign Minister, to be present at the inauguration of a new monument to Simón Bolívar in the Argentine capital; and an invitation to President Ríos of Chile to visit Buenos Aires on his return from Washington.

At the Yacuiba conference with President Peñaranda, Castillo is engaging in negotiations of a more ambitious nature. He is to witness the inauguration of the construction of a railroad and a pipeline, financed by Argentine capital, both of which will open up new avenues of Argentine-Bolivian trade. The pipeline, more likely to be completed success-

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fully, will provide Argentina with desperately needed fuel from nearby Bolivian oil fields.

In addition to the announced purpose of his visit, it can be assumed that Castillo will press for further economic and political advantages, thereby competing directly with the United States, notwithstanding the fact that the latter has already been promised the greater part of Bolivia's vital mineral production. The none-too-stable condition of the Peñaranda Government, beset by acute food problems and increasing social unrest, offers Castillo a fertile field, one, moreover, of great strategic significance because of Bolivia's supply of critical minerals and its central geographic position.

*Toward National Union in Brazil*

Return from exile of Brazilian political refugees residing in Uruguay, principal refuge of fleeing Brazilians, is strengthening the movement toward a wartime union of all anti-Axis political groups behind the Vargas Administration. Upon the announcement of a state of war between Brazil and Germany and Italy, leaders who had been forced to flee at various times since 1930 as the result of successive political shifts of the present Administration, declared themselves unconditionally at the service of President Vargas. Many are already on their way back to Brazil.

The attitude of the Brazilian government toward this movement was expressed by Dr. Pimentel Brandão, delegate to the Montevideo Permanent Committee for Continental Defense: "The President is seeking the cooperation of all the citizens in the war effort of Brazil and to that end considers that he has no political enemy who cannot again be his political friend." Significantly, General Flores da Cunha, a leading opposition figure since 1937, who returned to Brazil three months ago to offer his services in furthering the national drive against the Fifth Column, enjoys complete freedom

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despite an unserved sentence of a year's imprisonment pronounced *in absentia*. An announcement that President Vargas has granted amnesty to all political exiles, however, has not been confirmed.

A significant and comprehensible exception to this policy of reconciliation is the treatment accorded the Integralistas, Brazil's green-shirted native Fascists. On the eve of Brazil's Independence Day celebration, federal police arrested 40 members of the Integralista executive committee in Rio de Janeiro. Reports also stated that several Communists were arrested at the same time. Nevertheless Communist exiles in Uruguay have taken the lead in offering Vargas their unqualified cooperation.

#### *Nicaraguan Imbroglia*

Despite the comic opera setting of the near-revolt against President Somoza of Nicaragua, the arrest of 13 members of the opposition Conservative party, including several prominent generals, focuses attention on the latent instability of the Central American dictatorships in general and the opportunities it offers to Axis agents and sympathizers. Political ramifications involved in the election of a festival queen touched off deeper political rivalry which resulted in Somoza's halting the affair and calling out the police who, among other things, broke up an anti-Somoza student demonstration, sending almost a score of the students to the hospital.

The arrest of the conservative leaders was probably motivated more by personal rancors and ambitions than by ideological considerations. President Somoza apparently believes, however, that they did not refuse the help of Nazi agents and Fascist sympathizers, who had capitalized on the situation by labeling Somoza "a servant of the Jew Roosevelt and of Yankee imperialism." Significantly enough, news of the frustrated plot was first announced by the Berlin radio, a

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circumstance which indicates that a clandestine Nazi radio had sent the information from Nicaragua to Germany.

The basic weakness of the Somoza and other dictatorial Central American regimes lies in the fact that they can not count on popular support and hence are constantly in danger of a coup d'état against which their only protection is a mercenary army or police force. In addition, social unrest, always endemic in these countries even if repressed, may develop to the breaking point as wartime economic stress deprives larger and larger numbers of employment and food. Thus Somoza and other Central American rulers are threatened from two sides, a situation from which the Nazis constantly attempt to draw advantage.

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APPENDIX I

A HISTORY OF THE AMERICAN VOLUNTEER GROUP

(The following report was prepared from authoritative sources by the Far Eastern Section of the Office of Strategic Services.)

Credit for the spectacular success of the American Volunteer Group, nicknamed the "Flying Tigers", is due principally to one man, Claire L. Chennault of Texas and Louisiana, according to authoritative opinion. With an organization which never at any one time included more than 260 American personnel in the field and never as many planes in service as the original 100 Curtis P-40's allotted to them, Chennault became the terror of Japanese airmen flying in Asia, and won for himself and his men the lasting gratitude of the Chinese Republic.

In its brief seven months in action, the AVG destroyed 297 Japanese planes<sup>1</sup> in combat or on the ground (witnessed and confirmed) and an almost equal number of "probables," at a cost of only 13 American pilots shot down, four missing in action (believed to be prisoners), and nine killed in accidents. One balance sheet claims 34 Japanese airmen killed for each American pilot killed in action. About 85 percent of the Japanese planes destroyed were shot down in aerial combat. The over-all financial cost of the AVG was less than US \$11 million, all supplied by the Chinese Government.

*Birth of the Idea for an AVG*

Late in 1940, when there was great fear of a Japanese drive southward on Singapore, certain American naval authorities became interested in the idea of an American air force operating from Chinese bases. The British were also aware of the potential value of a strong air force active on Malaya's flank. China was vitally interested. After 1938 the Chinese air forces, even with Russian help, had become so weak that Japanese bombers were ranging the length and breadth of Free China almost at will and unmolested.

The plans for a group of American volunteer airmen fighting for China were originally proposed by Colonel Chennault and other instructors with the American air forces in China, together with several CNAC pilots. Their joint idea was easily sold to Madame Chiang, the Generalissimo, and Dr. T. V. Soong, who commissioned Chennault to organize, train, and command the organization later known as the American Volunteer Group.

Colonel Chennault (now Brigadier General) was a United States Army pilot who retired and went to China in 1937 to train Chinese pilots and advise the Chinese air force. Long a specialist in aerial tactics, he had made a careful study of Japanese tactics and psychology from the beginning of the Sino-Japanese air war in August, 1937.

*Getting the Planes*

After a Chinese Air Mission had failed to secure American air assistance in November, 1940, President Roosevelt decided early in 1941 that the formation

<sup>1</sup> Final confirmation of these of this number is awaited.

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of an American volunteer group of pilots was worth trying. About the same time the Chinese Government's purchasing agents were able to secure the release of 100 Curtis P-40 planes from the British Army. These planes, including certain spare parts and equipment, were bought at a cost of US \$8,989,266 with funds made available by the Chinese Government.

Obtaining cargo space for shipment proved difficult. Locating and purchasing radio equipment and certain armament, ammunition, and spare parts not secured with the planes also caused trouble and delay. Nevertheless, between May and October all 100 P-40's reached Rangoon, and 78 were assembled.

*Recruiting Personnel*

Colonel Chennault's plans called for recruiting 264 Americans, including 100 pilots, crew chiefs, technicians, etc., plus 1,044 Chinese workmen, interpreters and servants.

The problem of the legality of recruiting airmen from neutral United States was solved by forming the Central Aircraft Manufacturing Company (CAMCO), in April 1941. This Company was made responsible for the hiring and paying of American personnel, and also made agent for the AVG. Airmen were engaged for the AVG ostensibly for an advanced training and instruction unit in China, but the actual purpose of the group—primarily to protect the Burma Road—was explained verbally to interested candidates.

The War and Navy Departments assisted in the recruiting of personnel for CAMCO by granting special discharges and providing that volunteers could rejoin their American units without loss of rank or seniority, if the United States became involved in war. After interviews at all Army, Navy, and Marine Corps air bases, 100 veteran pilots and the required enlisted personnel were secured. More than half of the pilots and instructors were recruited from the Navy, five from the Marines, and the remainder from the Army. Two-thirds of the ground crew and technical staff came from the Army.

CAMCO pay was high. First class pilots received US \$750 monthly; regular pilots, \$600; and enlisted men serving as ground crew, an average of \$300. There were further inducements offered, including a bonus of US \$500 for each Japanese plane independently confirmed as shot down or destroyed on the ground.

*The AVG Gets Established*

On August 1, 1941, the AVG was formally constituted by order of Generalissimo Chiang Kai-shek, with the independence of Chennault's command clearly defined.

By arrangement with the British, the airfields at Toungoo, 160 miles by rail from Rangoon, and at Mingaladon, near Rangoon, were made available for group training and plane assembly, until the AVG base at Kunming, Yunnan, was completed. Personnel arrived at irregular intervals. By October there were 49 pilots stationed at Toungoo undergoing group training, and 41 en route.

Colonel Chennault organized his flying circus into three pursuit squadrons of 18 planes each, and 10 in reserve. Although all pilots were personally selected volunteer officers with the great advantage of thorough, slow, Army or Navy pre-war training, and all had at least 500 hours flying time, some had never flown P-40's or any type of pursuit plane.

With any such organization transported to an isolated place like Toungoo, it

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was inevitable that friction, dissatisfaction, and troubles of all kinds should develop. At times, the project seemed hopeless. Colonel Chennault was greatly handicapped by lack of experienced staff officers, few of whom were attracted by CAMCO contracts. The dearth of spare parts was appalling. There was a great shortage of tires, and even those available seemed to go bad very quickly in the hot damp climate. There were also shortages of ammunition and of tools, shortages of nearly everything, in fact, save fuel. Even radios were of a commercial design and had to be adapted. Added to other troubles, there were four planes lost and three pilots killed in September and October. Nevertheless, under Chennault's guiding hand, a splendid Group spirit finally emerged, and within a few months this motley body had become a disciplined fighting unit, trained and eager for combat.

### *The Problem of Supplies and Replacements*

Early in November, when the Far Eastern political situation was clearly nearing the breaking point, the AVG had only 44 of the 100 P-40's available for action in Toungoo. Seven of the original number had crashed, 23 had been disabled, and 26 had been grounded for lack of tires. In addition, the shortage of ammunition, tools, and spare parts persisted. This was the situation on November 15, when Generalissimo Chiang Kai-shek ordered the AVG to be ready to proceed to Kunming, Yunnan, on three days' notice, because an all-out Japanese air attack on that city was feared.

This problem of supply and replacement remains central in the history of the AVG. Constant efforts were made to secure matériel from MacArthur at Manila, from Washington, and from Singapore. Progress was being made when war came in the Pacific on December 7.

### *Effect of the War on the AVG*

The outbreak of war, coming a fortnight before the "Flying Tigers" went into action, ended plans for the expansion of the AVG program. The last groups of American personnel leaving to join the AVG were inducted into the U. S. Army. With the United States a belligerent, it was clearly foreseen in Washington that the problem of securing planes, men, and matériel for an independent air unit would be insurmountable. It was therefore decided to disband the AVG and induct the men into the Army Air Corps. However, before this took place on July 4, 1942, the AVG engaged in seven months of combat that contributed greatly to American prestige at a critical time.

### *The "Flying Tigers" in Action*

Going into battle for the first time on December 20, 1941, the "Flying Tigers" shot down four bombers and drove off six more. In defense of Rangoon the Third Squadron shot down 12 bombers on December 23, and 23 bombers on Christmas Day, chasing all remaining planes back across the Gulf of Martaban with further losses to the enemy that could never be confirmed. After this experience, the Japanese ceased daylight bombing of Rangoon for some time.

The Second Squadron, relieving the Third in Burma, harassed Japanese airdromes in Thailand continuously. Japanese reprisals at night against Mingaladon were ineffective. When the enemy again tried a daylight raid on Rangoon on

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January 26, the AVG shot down 24 planes, in addition to losses inflicted by the RAF.

After the fall of Rangoon the Group continued operations from Magwe, Burma, and later from Lashio and Loiwing.

In May the Japanese broke through the Chinese lines and made a heavy assault on Lashio and Loiwing, attempting to cross the Salween River and capture Paoshan. The suddenness and power of this drive was unexpected, and it was in considerable measure due to the AVG's continuous bombing and machine-gunning of the enemy's mechanized and motorized columns that the Chinese were able to consolidate their positions on the Salween front and halt the advance. The AVG bombed and strafed the Japanese sometimes two and three times a day, from May 4 to May 22.

AVG activities were not confined to aerial combat. Hazardous bombing and machine-gunning of enemy airdromes, fortified positions, and troops were an important part of their combat program. On March 24, 10 AVG planes raided the airdrome at Chiengmai, Thailand, at daybreak and burned numerous fighters and bombers which were just warming up for a take-off. Warehouses, barracks, cantonments, and vehicles were strafed. The Japanese tried to avenge this raid by attacking the AVG base at Loiwing, but lost 13 planes, with no American losses. On one occasion two AVG pilots, while on a reconnaissance flight over Moulmein, Burma, destroyed 15 enemy planes on the ground, in spite of heavy ground fire which shredded their wings. On another occasion four AVG pilots surprised 11 Japanese Zero fighters in the act of taking-off south of Moulmein and destroyed all. In May, five AVG planes flew over 400 miles of mountainous enemy country wreaking havoc on the Japanese air base at Hanoi, Indo-China, and flying back to their base by night. One pilot was lost by anti-aircraft fire.

### *The Balance Sheet*

With only a handful of planes, the AVG demoralized a much larger Japanese air force operating in Burma and China. In addition to almost an equal number "probably destroyed," some 297 planes were definitely shot down or burned on the ground between December 20, 1941, and July 18, 1942. The confirmed number of planes destroyed monthly declined from 77 in January to 25 in June and July. The largest number of planes officially credited to one pilot was 15½ planes. Ten pilots are each credited with destroying nine or more planes.

In recognition of his accomplishment, Colonel Chennault was restored to active duty with the United States Army Air Force with the rank of Brigadier General, and in July assumed command under General Stilwell of all United States air forces in the China theater.

### *Conclusions*

The remarkable successes achieved by the American Volunteer Group were due to many factors:

1. General Chennault proved a genius in pursuit tactics, and a leader who had the confidence and respect of the Chinese authorities and of his officers and men.

2. The pilots, technicians, and ground staff of the AVG were volunteers who had had almost a year or more of training in American armed services and who were selected by officers who knew living and flying conditions in China. A

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fighting esprit de corps developed, to which the sporting bonus and high pay no doubt contributed. The men had confidence in their P-40's.

3. While operating in China the AVG had the great advantage of the Chinese ARP system of warnings. Probably in no instance were AVG planes attacked inside Free China without ample and detailed warning. (This warning system, however, was not available in the Burma fighting, where enemy planes were often nearly overhead before the AVG took to the air. Even so, in their first five weeks' fighting in south Burma the AVG shot down at least 111 Japanese planes at a cost of only five American pilots killed in action.)

4. The AVG was "stream-lined", making it possible for planes and men to move rapidly from place to place and commence operations before the Japanese knew they had moved.

Reinducted into the Army, Navy, and Marine Corps, the Flying Tigers can teach a system of aerial tactics vindicated by outstanding success against the Japanese enemy.

APPENDIX II

MILITARY MORALE IN THE TRANS-CAUCASUS

In the event of a battle for the Trans-Caucasus, the loyalty of the Georgians, the Armenians, and the Azerbaidzhan Turks of this region would be a prime factor in its defense. Data gathered by the East European Section of the Office of Strategic Services suggest that, despite the probability that a limited amount of the unrest and anti-Russian feeling of the earlier post-Revolutionary years still exists, fifth column activity in the Trans-Caucasus is not now likely to be of decisive importance.

Indo-Europeans are not numerous in the Trans-Caucasus. The Russians and the Ukrainians are the most important, since they hold many high military and civil positions. There are some Russian farming communities in southern Azerbaidzhan and in Armenia. Some Greeks live near Tbilisi and on the Black Sea coast, while a few Germans live in the cities and in rural communities near Tbilisi, Sukhumi, and Kirovabad.

There are a few Semites: European and native Jews are found in the cities, and *Aisore* (Assyrians) on the Armenian plateau.

Principal Population Groups

Georgians (including Mingrelians, Adzhars, Svanetians, etc.)	1,797,960
Turks	1,652,768
Armenians	1,332,593
Russians	336,178
Osetians	114,450
Talysh	77,323
Greeks	57,935
Abkhazians	56,851

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Kurds	52,173
Lezgians	40,709
Ukrainians	35,423
Jews	30,175
Tats	28,443
Germans	25,327

Soviet rule has produced significant results in the Trans-Caucasus. Literacy has been extended to about 75 percent of the population, while the growth of industry has brought a considerable urbanization (1939, percentage of urban population: Azerbaidzhan, 36.2; Georgia, 30.1; Armenia, 28.6). Trans-Caucasia has already given the U. S. S. R. some of its most capable leaders. Stalin is a Georgian, as is Beria, head of the U. S. S. R. Commissariat of Internal Affairs. Mikoian, U. S. S. R. Commissar for Food Industry, is an Armenian.

Nationalism in the Trans-Caucasus

Of the many tribes and peoples of the Trans-Caucasus, only the Georgians, the Armenians, and the Azerbaidzhan Turks are sufficiently numerous and politically conscious to have produced strong nationalist movements.

In Armenia, the chief nationalist organization has been that of the Dashnaks, founded under Russian oppression in the 1890's. During the brief period of Armenian independence in 1919, the Dashnaks were apparently split into three factions, all socialist in character. In 1920-21 Soviet intervention saved Armenia from Turkish conquest and massacre by the Azerbaidzhan Turks. There followed a Dashnak revolt against the Soviet Government, which was suppressed. Since that time Armenia has not been visibly troubled by national movements, although the Dashnaks have continued to exist abroad, torn by dissension. Many of them are favorable to the Soviet regime. The extreme wing, however, bitterly anti-Soviet, today leans toward Fascism.

Georgia and Azerbaidzhan

In Georgia, the Social Democrats or Mensheviks were the nationalist leaders in the struggle against Soviet control. Like the Armenians, the Georgians had a brief period of independence that ended when the Soviet forces took control in March, 1921. The Georgian nationalist movement continued to exist under cover, however, and from time to time the Soviet authorities suppressed its plots. Several Georgian leaders were reported executed in the purges of 1935-37. The movement has apparently ceased to exist within the Soviet Union, although focal points of Georgian Menshevik opposition to the Soviet regime may exist abroad.

The Azerbaidzhan Turks combined nationalism and Moslem fanaticism in the movement led by the Musavat Party. Azerbaidzhan had a brief period under British protection, which ended in 1922 when the Soviet regime was established. Since then the nationalist movement has lost much of its power, and disaffection from this source does not appear imminent. An article in the *Moscow Daily News* of February 3, 1942, in which the chief Moslem leader in the U. S. S. R. urged the faithful to carry on the fight against the invaders, would suggest that the Moslem chiefs in the Azerbaidzhan Republic are loyally supporting the war effort.

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*The Problem of Military Morale*

While nationalist and religious appeals are potentially dangerous to the Soviets, other factors tend to preserve or induce good morale. During the 20 years of Soviet rule in the Trans-Caucasus, the indoctrination of its population has been thoroughgoing. In 1940, 63.1 percent of the whole population of the Caucasus consisted of persons not over eight years of age at the time of the Revolution; 78 percent were not older than 18 in 1917. These rising generations form the backbone of Soviet strength in the Trans-Caucasus.

Furthermore, in the event of an invasion of Trans-Caucasia, the Georgians, Armenians, and Azerbaidzhan Turks would be fighting for their homes. In the areas of Russia invaded thus far, the people as a whole seem firmly convinced that they are fighting against an unprincipled aggressor in a war that was forced upon them. The Germans themselves have repeatedly testified to the hatred they have encountered from the people of the occupied regions. There is little reason to doubt that under the stress of invasion a very large part of the inhabitants of the Trans-Caucasus would follow the example of the Soviet peoples (for instance the Ukrainians, as well as the Great Russians) who have already resisted the Nazi aggression.

Since the Germans crossed the Don, however, reports of lowered morale in the Soviet forces have been fairly frequent. There is no doubt that the Russians have suffered severely in 14 months of defeats, and that war-weariness has begun to appear. If the military situation continues to deteriorate, defeatism and apathy may increase. Such a weakening of morale might give an opportunity for latent nationalist and religious movements in the Trans-Caucasus to begin subversive activity, even eventually in the open. Nevertheless, it is fairly certain that the people of the Trans-Caucasus can be counted upon to fight valiantly against the invaders for a considerable time to come.

*National Composition of the Trans-Caucasus*

The population of the Trans-Caucasus is exceedingly heterogeneous, with many small isolated peoples scattered among the others. There are, however, five principal groups: the Georgians, Turks, Armenians, Indo-Iranians, and Indo-European.

Georgians are found chiefly in the Georgian Republic, although they are scattered over the whole region. Smaller groups of Georgians are the *Imeretians*, the *Gurians*, the *Mingrelians*, and several of the smaller mountain tribes of the Central Caucasus (*Khassurs*, *Tushes*, and *Pshavs*). The *Svanetians*, on the south slopes of the main Caucasus, and the *Abkhazians*, are also, Georgians.

The *Turks* live mainly in Azerbaidzhan Republic, although small groups are found near Batumi. The *Armenians* are found in the Armenian Republic and in most of the cities, especially Tbilisi and Baku. Among the Indo-Iranians, the most numerous are the *Kurds*, in Armenia, and the *Osetians*. There are several other small groups of Indo-Iranians.

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OFFICE OF STRATEGIC SERVICES

THE WAR  
THIS WEEK

September 17-24, 1942

REGRADED UNCLASSIFIED

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*For the President*

SEPTEMBER 17-24, 1942

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Office of Strategic Services

## THE WAR THIS WEEK

While the Germans are fighting their way into Stalingrad street by street, military observers incline increasingly to the view that the season is too far advanced to invite a large scale attack in the Moscow area. They emphasize rather the possibility of early liquidation of the war in the North Caucasus and attacks on Leningrad and Murmansk. A drive on Trans-Caucasia—practicable during the entire winter—is a more remote possibility but one which would yield large returns to the Germans.

In the west, the Germans continue to press Laval on the labor and shipping fronts, and his problems are now reported to have become so acute that he may soon renounce French obligations under international law and proceed to more complete collaboration with the Germans. In the east meanwhile the Egyptian campaign has settled once more into a stalemate. Despite the current comfortable position of the British, a German decision to reinforce on a notable scale might rapidly alter the whole complexion of the war in this area. To the south, British forces have entered the capital of Madagascar and have virtually ended the threat of Axis influence on the island.

With the convening of the Indian Central Legislature, it is evident that the Government's policy commands the support of virtually none of the native Indian members of that body, despite the fact that no representatives of the Congress Party are present. Earlier activity in the Solomons and New Guinea has been succeeded by comparative quiet, with evidences of vigorous development of air bases by the

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Japanese in those areas. In the absence of fresh intelligence from the Manchurian theater, observers are divided as to whether the Japanese may await a further anticipated weakening of Russia in the coming months or will strike a preventive blow now in the belief that no equally favorable opportunity will recur.

#### *Stalingrad's Agony*

In the city of Stalingrad the Soviet defenders are apparently fighting stubbornly from street to street and from building to building. Their tenacious resistance has obliged the attackers to intensify their assault with the help of heavy artillery. Yet Russian efforts to break through from the north to relieve Stalingrad have been unsuccessful, and the Soviet diversionary attack at Voronezh, while making gains above and below the city, has failed to reduce the German bridgehead. Although Stalingrad's resistance may be prolonged for some time to come, its fall appears to be inevitable.

South of Novorossiisk on the Black Sea Coastal Highway, the Germans are progressing only slowly against strongly held positions in the foothills of the mountains. To the east, the Nazi pincers on Grozny have made more substantial progress. The southern column, headed for Ordzhonikidze, has taken the towns of Terek and Deiskoye, and is within 17 miles of Darg-Kokh, at the northern end of the Ossetian Military Highway. The northern column beyond Mozdok, advancing slowly against strong Russian resistance, now threatens to encircle the Grozny oil field area from the north and east.

#### *After Stalingrad What?*

With the approaching fall of Stalingrad, the pattern of events on the Eastern Front is beginning to grow clearer.

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Since its inception, the German southern offensive has taken approximately three months. Little more than two months of good fighting weather on the central and northern fronts are now left to the Nazis. It is very possible that the Stalingrad campaign has consumed a longer time than the attackers had at first envisaged. In any case, limitations of time, transport, and available equipment cannot fail to be decisive factors in German planning for the rest of 1942.

The clearest limitation is air power. Current estimates suggest that with a total of about 2,500 planes on the Eastern Front, the Nazis have been using about 1,000 before Stalingrad. This concentration has left inadequate air strength available for major operations elsewhere. In the past few weeks, the Germans have bombed Murmansk only spasmodically, they have husbanded their plane strength in the Rzhev sector, and around Mozdok in the North Caucasus their reduced momentum seems to be largely attributable to a lack of air power. Hence large-scale plane transfers from the Stalingrad area must necessarily precede the launching of any major new offensive.

If it should be necessary to build advance fields and install new ground equipment, these transfers would probably take anywhere from 10 days to two weeks. In one fairly clear case of such a transfer—from Sevastopol to the Slavyansk area at the end of last June—it was not until 10 days after the fall of the Crimean city that the Germans launched a major drive from Slavyansk to Lisichansk. On the other hand, if new fields and equipment were already prepared, the delay would be shorter. For example, facilities for several hundred additional Nazi planes may now be ready before Moscow.

#### *The Threat to Russia's Supply Lines*

At the extremities of the Eastern Front, however, the Germans will probably be able to make clear-cut local gains

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with only minor transfers of planes or mechanized equipment. In the North Caucasus, where the Russians, favored by the terrain, have been fighting successful rear guard actions, the arrival of 100 or more additional planes might be enough to turn the balance of air power in favor of the Nazis. It seems likely that within the next few weeks the invaders will reach Tuapse, Groznyi, Astrakhan, and Makhach-Kala. The control of key points on the Caspian shore would give the Germans bases from which to bomb Soviet shipping on the Caspian and to interfere with the Baku-Gurieff supply route to the north.

At the other end of the line, the invaders probably have enough forces available to capture Murmansk whenever they feel it is worth the sacrifice. The Germans have now apparently taken over the whole north Finnish sector, where they have 10 divisions—half of them mountain divisions—already stationed. Furthermore, they have been keeping a substantial air force in the Arctic for operations against Murmansk, Archangel, and Allied convoys in the Barents Sea. United Nations losses on last June's convoy in these waters were staggering. Last week's convoy, although its losses were not comparable to those of its predecessor, still suffered heavily. With these sinkings in mind, some observers suggest that the Germans may not feel that an attack on Murmansk is a matter of immediate necessity.

On the other hand, the convoys of last winter—protected by the long northern nights—suffered far smaller losses than the last two. And in the future the Allies will doubtless do everything possible to ensure the safe arrival of these critically important cargoes. On balance, it seems probable that the Nazis will launch an attack on Murmansk and the Kola Peninsula this autumn. Whether they will try to control the whole western shore of the White Sea by the occupation of Sorokka will be dependent on the aid they receive from the Finns, who hold this sector of the line. To date the Finns—

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war-weary and loath to arouse the anger of the United States—, have refused to take part in further offensive actions. Recent reports from Helsinki suggest, however, that the Finnish Cabinet may now have changed its mind.

#### *The Moscow Venture*

Such operations in the extreme north and the extreme south would be essentially local offensives—executed primarily with the troops and equipment already in those theaters. An attack on Moscow, however, would be a major venture, greater even than the Stalingrad campaign. Around Moscow the Russians have concentrated perhaps 40 percent of their fighting forces. Here they would be operating on interior lines, with strategic railways radiating from the capital—a situation in sharp contrast to the logistic disadvantages from which they suffered at Stalingrad. Without doubt, the defense of Moscow would be much bloodier and much more stubborn than the defense of Stalingrad.

The Germans, on the other hand, have about 10 Panzer divisions and between 500 and 700 planes before Moscow. According to Russian accounts, 14 German divisions have received a severe mauling in the Soviet offensive around Rzhev. Of the three main railways from the west, the attackers could use the line Smolensk-Moscow up to and beyond Vyazma and the line Gomel-Moscow up to and beyond Bryansk. The lateral Smolensk-Roslavl-Bryansk line is also in German hands. But the line Velikie Luki-Rzhev-Moscow has probably been cut west of Rzhev.

Over these barely adequate rail communications the Nazis would be obliged to commit large quantities of men and equipment brought up from the central front reserve or from the southern front. Furthermore—to judge by the Stalingrad experience—at least 500 additional planes would

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have to be transferred from the south, plus several Panzer divisions. These operations would probably consume about two weeks from the termination of the mop-up around Stalingrad (even if some additional air facilities before Moscow were already prepared). If we set the end of the Stalingrad operation at October 1, then it would be the middle of October before the Germans would be in a position to launch a full-scale offensive against Moscow. This would leave them only about seven weeks of good fighting weather in which to complete the campaign. One can conclude that seven weeks is too short a period and that the Germans will probably not attempt to reduce Moscow this year.

#### *Leningrad; the Winter Line*

A more likely possibility would be an attack on Leningrad. Since the ice went out of Lake Ladoga last spring, Leningrad has been cut off from supplies from free Russia except for some boat traffic and probably some air traffic across the Lake. Civilian conditions within the city are no doubt appalling, with the starvation reported last winter probably on the increase. Ammunition may be running low. Reports suggest that the Germans are emplacing around Leningrad the heavy siege guns used against Sevastopol, and that the Finns have agreed to help in the reduction of the city. In short, an assault on Leningrad seems likely this autumn. While it would entail substantial transfers of planes and heavy equipment from other sectors, it would be far less difficult than an offensive against Moscow. If the Nazis should succeed in capturing Leningrad, they might try to drive east from the Schlüsselburg to cut the Archangel-Moscow Railway at Vologda. But the establishment of this 250-mile salient along a single-track railway would probably prove too arduous a project for so late in the season.

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It seems more likely that the Nazis will try to establish a winter line shorter and straighter than the one they are holding at the present time. They may develop the arc Sorokka-Valdai Hills-Rzhev-Orel-Voronezh-Stalingrad-Astrakhan into an "Eastwall" for another winter of "offensive defense". The Caucasus front can wait. Although the passes are already filling with snow, the Black Sea Coastal Highway and railway and the Caspian shore from Makhach-Kala to Derbent, will be open for operations all winter long. It is always possible that the Germans, after establishing a tenable winter line, will throw all their available offensive strength into a drive for the Trans-Caucasus around the flanks of the mountains. Nor is it impossible that they will merely hold through the winter in Russia while concentrating on reinforcing Rommel for a knockout blow in the Middle East.

Finally, and perhaps most important, one can conclude that the prolonged defense of Stalingrad has been the principal factor in preserving Russia's fighting strength for next year. Its fall will probably force what remains of Timoshenko's army back on the arc Saratov-Uralsk-Guriev. But its defense has preserved to Russia the industrial and military resources of the Moscow area, the upper Volga, and the Urals. When next spring comes, the Soviet Union, though critically weakened by the defeats of this summer and by the threat to her supply lines with her Allies, will still have a powerful army ready to take the field for a third year of resistance.

#### *The Policy of Finland*

German plans for further offensive action in the North will depend to a considerable extent on the attitude of Finland. The recent statement of the Finnish Legation in Washington that Finland "wants to cease fighting as soon as the threat

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to her existence has been averted and guarantees obtained for her lasting security" brings to the fore once again the ambiguity of her position. The American press has interpreted this utterance as a statement of the conditions under which Finland would be prepared to withdraw from the war. To the British Government, according to United States press reports, it was simply "another effort to retain American good will." The Ankara radio described it as possibly part of an Axis peace offensive. To Finnish editors in the United States, the statement meant that Finland would cease fighting if the Allies would guarantee her security—which, the editors insist, they have not done up to the present time; one editor added that "Procope had not stated anything new."

The Finnish Foreign Minister was quick to deny that Finland was seeking a separate peace. According to Swedish press despatches, Witting described such reports as "without foundation". Meantime Toivola, Counsellor of Legation in Washington, declared in a private conversation that the Finnish Government had repudiated not the Legation's statement but only the "false imaginary conclusions drawn by the foreign (American) press." He added that the "Helsinki Government had not authorized the Legation statement, and knew nothing about it".

In any case, the Legation's statement is at variance with the recent official declaration by Vaino Tanner, Finnish Finance Minister, that Finland will "shut her ears" to all Soviet peace proposals, now that "the enemy is in distress." Nor is it in line with recent annexationist demands for Soviet Karelia—at least one of which has emanated from the Finnish Legation in Washington. The statement implies—in contradiction to the facts—that Finland remains a free agent and can withdraw from the war against Russia whenever she decides to, regardless of German pressure. In brief, the Legation seems to have pursued a line independent of

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that of the home government—but perhaps with the tacit consent of the latter—in an effort to offset official American coolness by an appeal to the American people, among whom, it feels, Finland still enjoys much good will.

#### *German Food Ration Increased*

General increases in bread, meat, and potato rations, effective October 19, were announced this week by German authorities. For bread, the measure restores completely the reductions made in April, 1942. The new meat rations are still somewhat below the pre-April level. Potatoes are rationed at 10 pounds per person weekly—well above previous allotments this summer. There has been no increase, however, in the fat rations. In terms of calories, the German diet under the new measure will stand at about 90 percent of the pre-war level.

There are still differing estimates, however, of the ability of the German food economy to meet the demands of a long war. After the April reductions, there was considerable opinion that the food situation in the Reich was very tight and that further decreases in meat, bread, and fat rations were likely. However, even if this view is maintained, it can still be argued that for reasons of morale and productive efficiency, an increase in rations might be made as a momentary measure of relief, despite the longer-run implications of such a policy.

Food experts in the Economics Division of the Office of Strategic Services, after investigating the situation in April, took the view that the reductions were made in an effort to bring the Reich's food economy into a balance which would be sufficiently stable to stand up even against extreme circumstances. Weather reports at that time suggested the possibility of poor crops, and the Germans were obliged to take into account Russia's unexpected resistance, America's

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entry into the war, and a deteriorating agricultural situation in the conquered countries. The April level, according to this view, was somewhat unsatisfactory, but tolerable, and adequate from a nutritional standpoint. With this basic estimate in mind, these food experts now believe that the increases in rations probably reflect merely a more bounteous harvest than had been anticipated. No definitive statement is possible, however, until further analysis has been completed.

#### *Laval's Gravitation Toward the Axis*

Accumulated reports indicate that Laval's problems are becoming so acute that, according to a well-placed observer, he may shortly undertake more complete collaboration with Germany and repudiate France's obligations under international law. To accomplish his goal, Laval has gained control of the administrative machine, placing his henchmen in the important posts in North Africa as well as in France. This infiltration policy, our observer believes, has included a number of high-ranking Army officers who are believed to be willing to command French troops against any United Nations invasion.

Doriot's continual pressure has apparently produced an agreement whereby Laval will give important posts, especially in Occupied France, to members of Doriot's *Parti Populaire Français*. At any event, Doriot's opposition has been quieted, at least until the October meeting of his followers.

Laval may also have come to believe that his position with the Germans would be strengthened if Vichy and the United States were to sever relations. He will probably avoid taking any such action himself, but he may be attempting to place the United States in a position where it will appear "responsible" for such a development. Our observer feels that American representatives cannot influence Laval's policy to

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any extent, and that nothing favorable to the United Nations can be expected from Pétain, whose influence is less every day.

Important officials in Rome are also reported to be anxious to have Germany force a break in Franco-American relations. Such a rupture, it is felt, would deprive France of United States' support at the peace table, thus assuring Italy of domination of the Mediterranean.

#### *Laval Negotiates Over Labor and Shipping*

The two most pressing immediate issues in Vichy's relations with the Nazis are the latter's demands for labor and merchant tonnage.

The French people apparently do not generally understand the full significance of the plan for mobilizing French workers. The German demand is now reported to have risen to 600,000 workers, of whom 150,000 must be skilled. Upon "delivery" of these French laborers, the Nazis have promised to free 50,000 prisoners—an overall ratio of 1-12. Laval is expected to send the first contingent as soon as a method can be arranged that will not cause too much public protest, but Vichy observers feel that he can not approach the required number unless he is willing to face the consequences of forcing skilled labor to go to the Reich.

German pressure for shipping persists. Vichy is apparently resisting any surrender of French tonnage proper, but is reported to be negotiating with Germany with regard to the surrender of tonnage belonging to occupied states that is now under French control. A large percentage of the coal-burning vessels of the latter category—which is reported to total 127,000 tons—is now carrying ores and foodstuffs from North Africa. About half of this cargo goes to Germany, but the balance is important to the French economy. The State Department has protested that the surrender of either foreign or French shipping would be a violation of French neutrality.

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#### *Nazi Influence in North Africa*

In changes that are unfavorable to the United Nations, four high-ranking army officers are being transferred from Oran to other duties. The Nazis are also reported to dominate the port of Casablanca completely, military matters alone excepted. The Germans supervise police, customs, cargoes, manifests, passengers, and transports. German representatives are showing increased apprehension about the possibility of Allied invasion, and are indicating that they may request a share in the defense of French colonies, on the grounds that the French have failed.

Although Boisson's resistance has apparently forced the Germans to back down on the question of military observers at Dakar, Berlin may insist on a consulate there, inasmuch as the United States has one.

#### *Axis Defensive Stand in Egypt*

In Egypt the enemy is establishing strong defensive positions along the line to which he withdrew after the abortive offensive of early September. Axis forces have lately been regrouped, probably for purposes of rest, supply, and the organization of a defense in depth. Except in the north, no full German division is now in the front line, but the Italian forces there have been stiffened by smaller German units. Rommel has received some additional fighter planes, and his situation in fuel and ammunition may be easier; but as yet no large scale reinforcements have appeared. A serious curtailment of German operations in Russia might alter this picture, especially in terms of air power. At present, however, the British enjoy superior strength in all departments.

Allied air forces continue their heavy attacks on enemy shipping and enemy ports. Tobruk has been bombed almost nightly. Since the fall of the port three months ago, British and American planes have dropped more than 3,000 tons of

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bombs on Tobruk, now referred to by Allied fliers as the "milk route."

A mobile British raiding party also struck deep in the Axis rear on September 13-14, attacking Bengazi, the nearby road junction of Barce, and Gialo Oasis to the southwest. Press reports assert that more than 30 parked Axis planes were destroyed, in addition to losses inflicted on enemy personnel, motor transport, and supplies.

#### *Friction Continues in Syria*

Although De Gaulle is reported to have left the Levant for Brazzaville, friction continues in Syria, and there are indications that previous good relations between French and British field officers are deteriorating. Nevertheless, it is claimed that De Gaulle is no longer pressing his demand that the forces in Syria be placed under French command. In general, the two British officers commanding forces in the Levant and in Iraq and Iran are reported to feel that only the removal of both Catroux and Spears can prepare the way for better working relations.

#### *Japanese Visitors to Turkey*

The Turkish press announces the arrival in Istanbul of Admirals Nomura and Abe, Japanese Naval Attachés at Berlin and Rome, respectively. Although the latter firmly denied that they came at German behest, unofficial local observers suggested that their visit might be intended to offset the Willkie mission. Mr. Willkie is reported to have made a very favorable impression in Iraq and Iran, as well as in Turkey.

Meanwhile five prominent Turkish editors are on their way to the United States via Great Britain, to view for themselves the United Nations' war potential.

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*Operations in Madagascar*

The reported capture of Tananarive, on the 14th day after the resumption of operations, closes the most essential phase of the campaign and virtually ends the threat of Axis influence in Madagascar. The occupying forces now control the colony's most important towns—Diégo Suarez, Majunga, Tamatave, and Tananarive—and the roads connecting them. Possession of Tananarive gives access to the main highway and railroad line southward, and will facilitate occupation of Antsirabe, Fianarantsoa, and Ihosy, key points in the southern half of the Island.

It is not yet certain whether French resistance will continue. Tananarive itself seems to have been left undefended, but Governor-General Annet, having announced his intention to "mark by my absence (!) . . . our determination not to accede to the aggressor," is believed to have withdrawn a considerable portion of his small forces to the south. Though there is nothing to indicate that the latter are strong enough to face a pitched engagement with the British, they can continue to interfere with road and rail communications, and the varied mountain jungle and the prairie terrain would facilitate a campaign of evasion. The British and South African forces, numbering perhaps one man for every 10 square miles of territory, will face a difficult mopping-up problem unless they succeed in winning native cooperation. Time is limited by the proximity of the winter rainy season, which halts all wheeled traffic off the main highways from November until May.

*The Indian Legislature Meets*

The current session of the Indian Central Legislature has revealed that practically none of its native Indian members supports the Government's present policy—despite the fact

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that no adherents of the Congress Party were in attendance—according to reports from New Delhi. For the Government, Sir Reginald Maxwell, Home Member of the Viceroy's Executive Council, has outlined the events of the last month and a half, characterizing them as "an orgy of destruction", especially in the strategically-located industrial province of Bihar. Nationalist papers have bitterly criticized this address as unstatesmanlike and symptomatic of a police constable's mentality.

All members representing any substantial constituency—including adherents of the Moslem League—have insisted that the Government compromise with the Congress. In the words of one Moslem League member, "To ignore the Congress is a folly of the first magnitude." Furthermore, they have concurred in expressing their resolve to defend the country against the Japanese and in demanding the immediate formation of a national government. The chief Moslem League member has emphasized again and again that his party would give full support to the war effort of a provisional administration, provided that both the Government and the chief Indian parties agreed in advance to the creation of a separate Moslem State.

Representatives have concurred in stating that India distrusts British intentions about the country's future. The deputy leader of the European group has answered these complaints with the assertion that: "If any . . . government goes back upon the promise [to give India self-government immediately after the war], I will be the first to lead a movement against that government." Yet the Administration shows no signs of taking any positive action to resolve the current impasse. In the upper house, the Council of State, General Sir Alan Hartley, Deputy Commander-in-Chief, has revealed that on July 1 the ratio of Indian to British officers in the Indian Army was still about 1 to 4%. Moreover, the

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Viceroy has apparently rejected the request of the Hindu Mahasabha's leader for permission to sound out the imprisoned Congress chiefs on the compromise proposals formulated at New Delhi (*The War This Week*, September 10-17, pp. 14-15).

#### *Quiet on the Middle Melanesian Front*

After a preliminary skirmish last week with heavy Army bombers, the Japanese naval task force operating east of Guadalcanal (in the vicinity of Santa Cruz Island) apparently has withdrawn outside the range of our reconnaissance planes. Ship sightings in the past week indicate a lower level of Japanese activity in the southeastern Solomons than formerly, and no new landings on Guadalcanal have been reported. On New Guinea, the Japanese have been held at relatively stable positions between Efogi and Ioribaiwa.

This comparative lull may be attributed in part at least to the work of Allied aircraft. Of the force sighted near Santa Cruz (2 battleships, 4 heavy cruisers, 3 light cruisers, 6 destroyers, and 2 cargo ships), possible hits were claimed on both battleships. On New Guinea, the track from Efogi to Buna (see map accompanying Appendix III) was repeatedly strafed and bombed, Buna airdrome was rendered unusable, and heavy attacks were made on Japanese bases throughout New Guinea, the Bismarck Archipelago, and the Solomons. In the latter area, Japanese installations on Gizo Island and at Rekata Bay on Santa Isabel Island (the nearest important enemy bases to our own positions centering on Tulagi) were kept under fairly heavy attack.

The Japanese, however, are actively developing their own air bases. In the Solomons, construction activity has been noticed especially at Buin, a village at the southern extremity of Bougainville Island, and on Buka Island, farther to the north. On New Guinea, new landing strips are apparently

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under construction near Lae, and some new fighter aircraft appear to have been transferred to the New Guinea theater.

#### *The Debate on Siberia*

The debate on Japan's next move continues meanwhile unabated, with Siberia still the center of attention. Generalissimo Chiang Kai-shek is reported to believe that an attack either on India or Australia is unlikely, since the Japanese do not have sufficient transport facilities, but regarding Siberia he is non-committal. Somewhat enigmatically, he declared that Japanese plans will become manifest "in November." At about the time Chiang was making this statement in Chungking, Chinese officials in Washington were reported to have abandoned entirely the view that Siberia will be the next scene of attack.

Whether or not the Siberian attack has now become less probable (in view largely of Russia's remarkable stand on the Eastern Front) remains open to speculation. Berlin has found it necessary, however, to insist upon the "unswerving" nature of Japan's loyalty to the Axis, and to attribute any talk of improved Soviet-Japanese relations to the machinations of the United Nations. A Wilhelmstrasse spokesman, quoted in despatches to Bern, declares that the new wave of such reports, touched off by Emperor Hirohito's reception of the Soviet Ambassador, were simply intended to "sound out" Japanese policy. Assertions that this policy may include a Japanese attempt to negotiate a Russo-German peace, he adds, are idle talk.

#### *Anticlimax at Sian*

The negotiations which were supposed to take place at Sian between General Chiang Kai-shek and the Chinese Communists have fizzled out without really beginning.

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Chiang was present in Sian and a conference was held at which the Communist question presumably was discussed. A strict censorship, imposed by the Central Government, seemed to indicate that important negotiations were in progress. But it now transpires that no one was present at the meeting to represent the Communists. General Lin, who had been designated for the purpose, received notice so late that he could not reach Sian until after Chiang had left. The Communist representative in Chungking believes that the difficulties between the Kuomintang and the Communists will continue and that there will be neither conflict nor agreement.

Meanwhile there has been continued quiet on the military fronts. Chungking has repeatedly announced that its forces are nearing Chin-hua, in Chekiang, but the Japanese continue to hold the town and as yet there are no signs that they intend to withdraw.

#### *The New Chinese Ambassador*

Wei Tao-ming, successor to Hu Shih as Chinese Ambassador to Washington, is an influential member of the Kuomintang Party who has, at various times, held positions as Minister of Justice, Mayor of Nanking, Secretary General of the Executive Yuan, and Member of the Supreme National Defense Council. In the summer of 1941, he was appointed Ambassador to France, but did not proceed to his post because of unsettled relations between Chungking and Vichy. Madame Wei is one of the few Chinese women jurists and a close friend of Madame Chiang, having been associated with her as the only other woman member of the first Legislative Yuan. Both Ambassador and Madame Wei were educated in Paris and have been counted as members of the pro-European clique in Chungking.

The contrast between the new Ambassador and his predecessor indicates at least some of the factors which impelled

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Chungking to make the change. Wei Tao-ming's connections have been French rather than American; he is known as a practical administrator, and is a Party member with important political backing. On the other hand, Hu Shih's connections have been with this country, he has filled the function of persuasive advocate rather than administrator, and is not a member of the Kuomintang. Hu Shih has been notably successful in mobilizing popular American sympathy for China. Chungking, it is thought, may well feel that it now requires a representative who will press China's case through official rather than popular channels, who can be trusted to represent a purely Chinese point of view, and who will have the practical experience and political support in China to administer effectively the affairs of the Washington Embassy.

#### *Mass Protests Continue in Argentina*

Political riots and mass demonstrations continue to hold the public spotlight in Buenos Aires. Clashes between pro-Allied and pro-Axis students, resulting in more than 80 arrests, led to the temporary closing of the law school of the University of Buenos Aires. On the 20th of September, 30,000 people gathered in Luna Park to express their solidarity with Brazil, making this the largest anti-Axis meeting since January, when the present "state of siege" was imposed by the Castillo government.

This meeting marks the high point of open resistance to the government's international policy in more than one way. Endorsed by labor unions, by the mildly leftist *Acción Argentina*, the *Junta de la Victoria* (a women's organization especially active in Russian war relief), and by prominent political figures of decidedly conservative leanings, it was more nearly a demonstration of national anti-Axis unity than any previous public meeting.

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Special significance also must be attached to the active participation in the meeting of Adolfo Bioy, prominent corporation lawyer, ex-Cabinet Minister and now President of the *Sociedad Rural Argentina* (an association of the most powerful land owners in the country), and to the message of solidarity sent by the Nobel Peace Prize winner and former Minister of Foreign Affairs, Carlos Saavedra Lamas, who had been unfriendly toward the United States during his term of office. The fact that Señor Lamas is now Rector of the University of Buenos Aires and thus a federal appointee makes his pro-Brazilian stand an act of open defiance of President Castillo. Added to the recent offer of General Justo to serve in the Brazilian Army, the Luna Park meeting indicates that a showdown for the Argentine Government is approaching with increasing momentum.

#### *German Arms for Argentina*

The Argentine Army may not lack military supplies to the extent generally supposed. Statistics recently released by the Argentine Ministry of the Treasury reveal that during the first seven months of 1942 German exports to Argentina amounted to more than six and a half million pesos (approximately \$1,660,000), nearly double the figure for the corresponding period of 1941. War materials may make up as much as 90 percent of this increase. Previously most of the shipments were granted British navicerts, under a special agreement with Argentina permitting the movement of military supplies contracted for in Germany prior to the outbreak of hostilities. The British have now stopped issuing navicerts for this traffic.

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#### APPENDIX I

### THE POLITICAL AND MILITARY SITUATION IN OCCUPIED YUGOSLAVIA

Like Czechoslovakia, the other Versailles-created conglomerate Slav state, Yugoslavia has been splintered by its conquerors into regional fragments which have been variously reassembled and occupied. The Germans have annexed most of Slovenia, leaving the rest to the Italians. The Italians have annexed Dalmatia and Montenegro. Croatia has been made a puppet state, and has theoretically annexed Bosnia and Herzegovina. Serbia is ruled by a German-dominated Quisling Government. Hungarian troops have overrun the Baška, and Bulgarian troops Macedonia, while native Germans control the Banat. Everywhere there are Germans in varying numbers, and everywhere resistance continues (see accompanying map).

Guerrillas of various kinds have sabotaged large parts of native industry, and fought some major military actions. Their most important activity, however, is the destruction of railroads. The Belgrade-Niš-Salonika line, important for supplying Rommel, has suffered especially, so much so that last spring the Germans ordered that all trees and brush be cleared from either side of all railroad tracks in the country, to prevent saboteurs from finding cover.

These guerrillas keep a growing number of Axis troops active in Yugoslavia. A recent estimate places this number at 4 German, 17 Italian, and 7 Bulgar divisions, in addition to 4 Croat army divisions and 15 battalions of Ustaši. Ten of the Italian divisions are reported in Dalmatia, and 5 in Montenegro.

Germans, Croats, and Magyars may so far have killed as many as 1,000,000 of an estimated 8,000,000 Serbs, and have virtually exterminated the country's 75,000 Jews, besides uncounted refugees. In spite of this, the Yugoslav resistance—stimulated by Pan-Slavic attachment to Russia—is by far the most effective in Axis Europe, and, if given outside aid, should impose an increasing burden on Axis forces of occupation.

#### I. THE POLITICAL SITUATION

##### *Slovenia, Dalmatia, Montenegro*

Here siege conditions prevail, with the Slovene capital, Ljubljana, surrounded by barbed wire and blockaded. The chief aim of the Italian garrison seems to be to impress upon the Germans the rebellious state of the region, so that they may not be sent off to Russia. Mass executions and recent large scale forced migrations of the population have cut down resistance, and have come close to exterminating the native population in the area. The Italians are said to have deported this summer 20,000 Slovenes and 7,000 Dalmatians to Italy, the women and children handcuffed together and packed into trains.

The Dalmatian and Montenegrin coastal region is under the command of General Mario Roatta's second Italian army.

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### *Puppet Croatia, Bosnia, and Herzegovina*

An "independent" state, with full membership in the Axis, Croatia has a little Fuehrer (the "Poglavnik", Dr. Ante Pavelić); solemn treaties with other Axis satellites, a corrupt and privileged SS organization (the Ustasi) which massacres Serbs and Jews; and an Italian king, the Duke of Aosta. The latter has never yet dared to appear in his kingdom, and the Vatican reportedly will not allow him to be crowned. The Croats have in theory been allowed to annex the old Bosnia and Herzegovina, but in practice the German and Italian occupying forces are in control of this whole area.

The Vice Premier in the Pavelić government, D. Kulenović, has added to Serbia's massacres by arousing the Moslems against the Serbs. In command of the new Croat army is a former colonel on the Austro-Hungarian general staff, Field Marshal Slavko Kvaternik.

The population is reported to be 80 percent opposed to the regime, remaining loyal to its traditional leader, Maček, with whom the Germans have repeatedly tried and failed to make a deal. The war with the U. S. S. R. has further depressed the peasants because of their deep-rooted Pan-Slav affection for Russia, which persists despite their Roman Catholic religion and distrust of Communism. The Germans demanded of Kvaternik, who went to Berlin in March 1942, 300,000 Croats for the Eastern Front.

In spite of Kvaternik's desperate attempt to build a national army (theoretically 5 divisions), popular distrust, Italian opposition, and rivalry of the 20,000 well-paid Ustasi have combined to make the task virtually impossible.

Economic conditions are deplorable; the cost of the armies of occupation is enormously heavy; there are about 150,000 Croat laborers in German factories; there is a general food shortage which is without remedy because Germany takes the timber and 90 percent of the bauxite, leaving nothing with which Croatia can barter for wheat elsewhere. No trade relations with Serbia are permitted except through German intermediaries. And yet, since Germany finds it necessary to feed and clothe her Croatian ally, Croatia stands as the only country in Europe "in debt" to the Germans.

### *Quisling Serbia*

In practice, Serbia is ruled by the German Army, but in theory by General Milan Nedić's German-dominated Government at Belgrade. His leading fellow-puppets are former anti-democratic agitators and hangers-on from the pro-Axis Stojadinović regime: Ljotić (brother-in-law of the Minister to America, Fotić), Adimović, who is starting a Serb Gestapo, and Bishop Venjamin of the Orthodox Church. On the radio Nedić has frequently urged his fellow Serbs to collaborate with the Germans and has helped the Nazis fight the guerrillas.

### *Hungarian and Bulgarian Areas, and the Native Germans*

Hungary has occupied part of *Boska*, and is known to control the cities of Subotica and Novi Sad. Large Bulgarian armies have been given the task of wiping out the Serbs in the Macedonian areas of Yugoslavia and Greece. The Bulgar territorial gains have not yet been officially delimited, but are reported to include the town of Skopje and a strip of land which gives them a frontier

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with Albania. This the Italians naturally oppose, and rumors of Italo-Bulgar clashes in this region are current.

Throughout the country, especially in the Banat (the only region where they are numerous), the native Germans have been welcomed as *Volksdeutsche*, given special courts, administration and schools, put in uniform, and urged to fight side by side with their blood brothers. Uniformed German girls were seen in January 1942 by an Argentine diplomat, dictating prices in village market places.

Thus, by playing Croat against Serb, Roman Catholic against Greek Orthodox, Moslem against both, and emphasizing all the other hatreds which exist in profusion, the Axis has created political chaos. Yet everywhere the German and Italian armies are meeting fierce resistance.

## II. THE MILITARY SITUATION

Contrary to the general opinion, the fight against the occupying forces is not limited to the Četniks, nor are the Četniks, strictly speaking, Mihailović's men. From region to region there are many distinguishable varieties of guerrilla in Yugoslavia, most of whom have only slight connection with Mihailović, who does, however, provide the core of resistance. The following are the chief types, arranged in order of importance.

### *General Mihailović's Men*

(1) Many of General Mihailović's troops are remnants of the trained Yugoslav conscript army. The General and his staff train recruits from the irregulars, coordinating and regularizing volunteer detachments, and working out a planned campaign. Mihailović's staff includes Vasić, a lawyer, author, and World War I officer; and Mahin, an ex-Tsarist officer and White Russian intellectual, both of whom are reported to be anti-Communist. The most recent available estimate of the forces of Mihailović puts them at 10,000 or fewer. One of Mihailović's subordinates, Captain Jordan Kimić, commands a virtually independent army in the region of Skoplje. Perhaps 90,000 more are scattered in the other groups with whom Mihailović has contact, and whom he can order to perform assigned tasks.

Mihailović himself has reportedly moved his headquarters to Bosnia because the terrible German rate of executions (100 Serbs for every German) threatened to exterminate the population. The guerrillas seem to be threatened with an ammunition shortage for their 7.9 rifles. In accepting a position as Minister of War in the Government-in-Exile, Mihailović, who had formerly been a national hero, alienated large groups who are disgusted with the shoddy politics of the exiled regime. Among the many current conflicting reports, one charges that Mihailović is at present neglecting the fight against the Axis in favor of the internal struggle with the Communists, and that he has reached a tacit understanding with Nedić, and possibly even with the Italians.

### *The Četniks and Partisans*

Most important of the irregular outfits are the Četniks and the Partisans. (2) The Četniks important during World War I and supporters of the dictatorship in Yugoslavia, were deserted by their leader, Kosta Pećanac, who joined

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Nedić's government and who has a force of Fascist Četniks helping the Germans. His deserted men have since reorganized and added new members, have associated themselves with Mihailović, and have undertaken larger military operations than any other guerrilla group. It was they who attacked the Kragujevac arsenal, and they who have destroyed numerous factories. They operate chiefly in Serbia and in Western Bosnia.

(3) The Partisans, some of whom are Communists, are strongest in Montenegro, the Bosnian Kraina, Lika, and Slovenia. In Montenegro they have attacked, and considerably weakened the Italian garrisons in Cetinje and Nikšić. Early in the days of the movement, they nearly captured Belgrade, but have since, in Serbia, been defeated and pushed back by the Germans and the troops of the puppet government. Their ranks are being swelled by escaped prisoners and by deserters from the Serbian police, Nedić's men, and even the Nazis.

No reliable estimate of the strength of the Partisans is available. Mihailović and the other Nationalist groups,—having long regarded them with suspicion and cooperated with them only under necessity—have now broken completely with them, and are reported actually to have engaged them in combat when a British officer, sent to make peace, arrived too late. The Partisans' practice of carrying on class warfare along with their guerrilla activities has caused dismay among conservatives. Partisan practice has been to set up local government immediately upon winning a victory, and occasionally to execute those opposed to their political beliefs. The Germans recently inflicted a defeat upon them, which is reported to have overjoyed conservatives and landowners. Although no actual contact with Moscow has yet been proved, Pan-Slav feeling is strong and is shared even by those who are not Communists.

In the future the Partisans will probably oppose any government which gives power to any of their enemies,—the clericals (mostly Croat), the conservative peasants (Maček's Croat party), or the Nationalists (Mihailović or anyone else who favors the regime in exile). All these are held in nearly as great hatred as Prince Paul, Nedić, and the Nazis.

#### *Other Guerrilla Groups*

Five minor groups of guerrillas deserve consideration:

(1) The Haiduks (an old Balkan word for outlaws operating in small bands of three to five men) are active guerrillas, including men respected in their villages. They have operated most successfully in Eastern Serbia, and have damaged or put out of commission industrial and mine installations, especially the Bor copper mine, important to Germany's war economy. They have also sunk freighters on the Danube, and demolished the Germans' supply buildings in Posarevac and Smederevo—the latter, a town of 25,000 people, was completely blown up.

(2) The "Uskoks", a term dating from the Turkish domination, operate largely in Central Dalmatia, and are still weak despite successful raids on various towns, including Split.

(3) Members of the Soko, a physical culture organization, have joined the Četniks. They operate in Northern Herzegovina, under the leadership of Čedo Mišić, a veteran organizer of underground movements against Austria in the First World War, and a leader of the opposition to the Pact with the Axis. These three groups—the Haiduks, Uskoks, and Soko—are often loosely called Četniks.

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(4) The Croatian peasant "Green Cadre", rapidly becoming effective, has taken to the woods and engages in sabotage and passive resistance. Its members are mostly followers of Maček, and concentrate their hatred against the Ustasi stormtroopers.

(5) The Slovenian Patriot Army has recently launched effective attacks on Italian troops and on local steel mills.

## APPENDIX II

### RAF DAYTIME HOME OPERATIONS

May 1 to August 12, 1942

RAF daylight operations this summer were conducted with relatively limited objectives in view, and the results achieved were commensurate only with these objectives, according to a report of the Economics Division of the Office of Strategic Services. Major bomber operations were undertaken at night, reflecting the British belief that large-scale daytime raids on Germany are too costly for the results achieved.

As a result, while numerous daylight attacks have been made on German cities and towns, not more than 21 planes were dispatched on any one raid, with the single exception of a 44-plane attack on Danzig. Daytime fighter and bomber sweeps over the coast of France, Holland, and Belgium have employed many more planes, largely in an unavailing effort to draw out Nazi fighter opposition. An account of RAF daytime activities during the period May 1 to August 12, 1942, follows:

#### *Daylight Attacks on Targets in Germany*

1. The average number of planes dispatched in daylight bombing attacks on German towns and cities was 10. The principal planes used on these raids were the large, four-motor Lancaster and Sterling bombers and the smaller Wellingtons, Hampdens, and Halifaxes. Of the total of 150 sorties<sup>1</sup> during the period, only 47 planes actually succeeded in reaching and dropping bombs upon the assigned target area. This result is explained largely by weather conditions—premature return when clouds were not sufficiently dense to provide adequate cover from ground flak and failure to locate the target by reason of dense clouds. There were six plane casualties, representing four percent of the total planes dispatched, a rate approximately the same as that experienced by the RAF in night bomber operations.

The small number of planes dispatched indicates that such raids are considered to be of little more than nuisance value. They are useful mainly in keeping the enemy anti-aircraft and civil defenses active, and in bringing enemy fighters into the air. The industrial damage resulting is thought to be comparatively slight. While direct hits on industrial objectives have been claimed in some cases, bombing accuracy in general is impaired by the need to release the bombs rapidly before taking evasion action against anti-aircraft fire.

<sup>1</sup> One operational flight by one plane.

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2. The only other RAF daytime activity of note over Germany was that of the British Mosquito planes. These fast, high altitude planes are dispatched individually on most occasions and never in groups of more than six. They are used generally for photographic reconnaissance, and are frequently employed to study the damage resulting from bombing raids. The Mosquitoes occasionally drop 250 and 500 pound bombs, usually 1½ to 2 tons per plane. Attacks are made from either a very low altitude (50-100 feet) or from a ceiling of 23,000 to 27,000 feet.

These planes have also experienced difficulty in locating the German cities assigned. Insufficient cloud cover, fighter opposition, and technical difficulties have been the chief operational obstacles encountered. Seventy-five planes were dispatched during the period May 1 to August 12. Of these, seven are missing, making a casualty rate of more than nine percent.

#### *Daylight Bombing of France, Belgium, and Holland*

3. One of the principal daytime activities of the RAF has been the bombing of objectives in Occupied France, Belgium, and Holland. The plane employed in these attacks is the Boston (American-built Douglas A-20), a speedy, twin-engine attack bomber. The shallow penetration on these raids permits a fighter escort, which has been impossible on the long-distance missions to Germany. The Bostons are dispatched in groups of 6 or 12, and are always accompanied by an escort of Spitfires. This escort has varied in size from 36 to 264 planes.

In contrast to the area, or blitz, bombing strategy of the night attacks, the Bostons do precision bombing against specific military or industrial targets in occupied territory. Typical objectives are: the airdrome at Abbeville, the power stations at Lille and Ostend, a parachute factory at Calais, coke ovens at Zebrugge, the Phillips radio and electric works at Eindhoven, the railroad station and yards at Boulogne and St. Omer, and the docks at Rotterdam, Dunkirk, Flushing, and St. Malo. The attacks are carried out either at a minimum altitude of 50-200 feet or, more frequently, at a level of between 8,000 and 14,000 feet. When cloud conditions are favorable, the pilots generally claim to have observed their hits. The customary bomb load is four 500-lb. bombs; incendiaries are rarely employed.

Bostons were dispatched on an average of 11 days each month, and were also hampered by insufficient cloud cover. In the medium altitude attacks, anti-aircraft fire, rather than fighter opposition, appears to have been the chief cause of casualties. Of 401 Bostons dispatched during the period, only nine were missing. This low casualty rate, 2¼ percent, was increased somewhat by losses among the escort of Spitfires.

4. The Hurricane bomber (a converted fighter plane) is also used for daylight attacks similar in nature to those of the Bostons. The Hurricanes fly with a fighter escort against shipping, railroad and industrial targets, and airdromes in France, Belgium, and Holland. It is possible that one of the main objects of these bombing missions, as well as of the sorties of Bostons, is to bring into combat the enemy fighter screen located in the West. Seventy-six planes were dispatched, of which seven (or nine per cent) were lost.

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#### *Fighter Escorts for Bombers*

5. The British Spitfires were kept active in providing escorts for the Boston and Hurricane bombers, engaging in harassing and diversionary operations in France, and in fighter sweeps across the Channel. Ninety-three Spitfires were lost in providing escorts for bomber missions and in diversionary operations designed to draw enemy fighters away from the principal scene of attack. This figure represents roughly two percent of the number of sorties on these operations.

Fifty-seven enemy fighter planes were destroyed, 27 probably destroyed, and 77 others damaged. Following the conservative procedure of considering as lost 50 percent of planes reported as probably destroyed, German losses were 71 planes. On this basis, the ratio between British and German casualties was 1½:1. In the event that some of the damaged planes failed to return safely to their bases the German losses would be correspondingly higher.

These figures, however, do not provide a basis for establishing the relative merits of the British and German fighter planes. The attacks of Nazi planes were frequently directed against the bombers rather than their escort, and anti-aircraft fire may have accounted for some of the RAF plane casualties. The German planes, fighting close to their bases, are also at a distinct tactical advantage.

#### *Fighter Sweeps Across the Channel*

6. In nine fighter sweeps over occupied territory, more than 1,000 Spitfires were dispatched. The purpose of these sweeps, similar to that of some of the bombing missions, was to draw out the Nazi fighter planes. The RAF was apparently willing to exchange plane losses with the Germans, in the interests of reducing the enemy fighter strength in the West. German aircraft, however, were reluctant to engage in combat. Instead, German fighter bases were withdrawn inland from the French coast, obliging the RAF fighter planes to fly greater distances.

In the direct combats between British and German fighter planes during fighter sweeps, 10 Spitfires were shot down, and 20 Focke-Wulf 190's were destroyed. Thirteen F. W. 190's and Me. 109's were probably destroyed, and 19 damaged. Following the procedure given above, the ratio between RAF and GAF casualties is ¾ to 1. This ratio differs markedly from that on escort operations. The RAF losses were only one percent of Spitfires dispatched.

#### *Other Daylight Operations*

There were numerous operations of a varied nature which are not included in the above description. The Coastal Command dispatched Catalinas, Sunderlands, and Lancasters on anti-submarine patrol. Spitfires and Hurricanes engaged in the shipping patrol. Weather reconnaissance, attacks on enemy convoys and naval vessels (The *Prince Eugen* and the *Tirpitz*), and covering operations for the Commando raids were others of the varied daylight activities of the RAF.

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### APPENDIX III

#### THE GEOGRAPHY OF THE PORT MORESBY REGION

Japanese troops are now less than 40 miles from Port Moresby, evidently preparing for the critical phases of an attack on this important Allied base. Geography already has played a very important role in the fighting in this rugged and primitive country, about which there is relatively little recorded knowledge, according to a memorandum prepared in the Far Eastern Section of the Office of Strategic Services. The accompanying map is based on the best available cartographical data, and is believed to include considerable information on the sketchy system of trails and roads not published heretofore. The topographical features are defined as closely as available data and the scale will permit.

From their base at Buna, Japanese troops first occupied the village of Kokoda, then pushed through the Gap to their present positions between Efogi and Ioribaiwa. They now face country which is drier and more open than that which they have recently traversed, and consequently less adapted to their skillful jungle tactics. Their supply line is under constant aerial attack, and since the occupation of Milne Bay by Allied troops, their chances of bringing naval support to their land troops have diminished considerably. For this reason, renewed operations against Milne Bay may actually precede a final attempt to take Port Moresby. Japanese naval units, sighted at various times recently in the Trobriands, at Normanby Island, and in Goodenough Bay, might be preparing for such a task. The strategy of land attack meanwhile is dominated by the trails and airports of the Port Moresby region itself.

##### *Trails and Roads*

Two trails cross the Owen Stanley Range northeast of New Guinea (see map). Japanese troops so far appear to have used only the trail which crosses the main range at the Gap (6,170 feet above sea-level) and then drops to Efogi (about 3,600 feet). Traversing ridges and streams, the trail drops to Naoro (2,380 feet), Ioribaiwa (2,705 feet), and Sogeri (1,590 feet), each a native village. Branching off from the Buna-Kokoda trail, however, is an alternate track which crosses the range about 35 miles southeast of the Gap over a pass about 9,000 feet high, and joins the main trail at Sogeri. From Sogeri the trail continues to Rouna (Rona) Falls, where it joins a motor road to Port Moresby (21 miles).

The first section of the road from Rouna Falls winds rather steeply down the Laloki Gorge, and in 1940 it was for the most part only wide enough for one-way traffic. From Sapphire Creek (which branches off the Laloki River just east of Rouna Falls), a two-way road turns southwest across fairly open hilly country to enter Port Moresby from the east. About four miles east of Port Moresby, near Kila Kila, the road passes the Port Moresby airdrome, the main airbase in this area.

##### *The Town of Port Moresby*

Port Moresby itself is situated largely on a promontory which forms the east shore of Fairfax Harbor. The town divides in two parts—Granville West and Granville East. The buildings are largely perched on hill slopes, as building space

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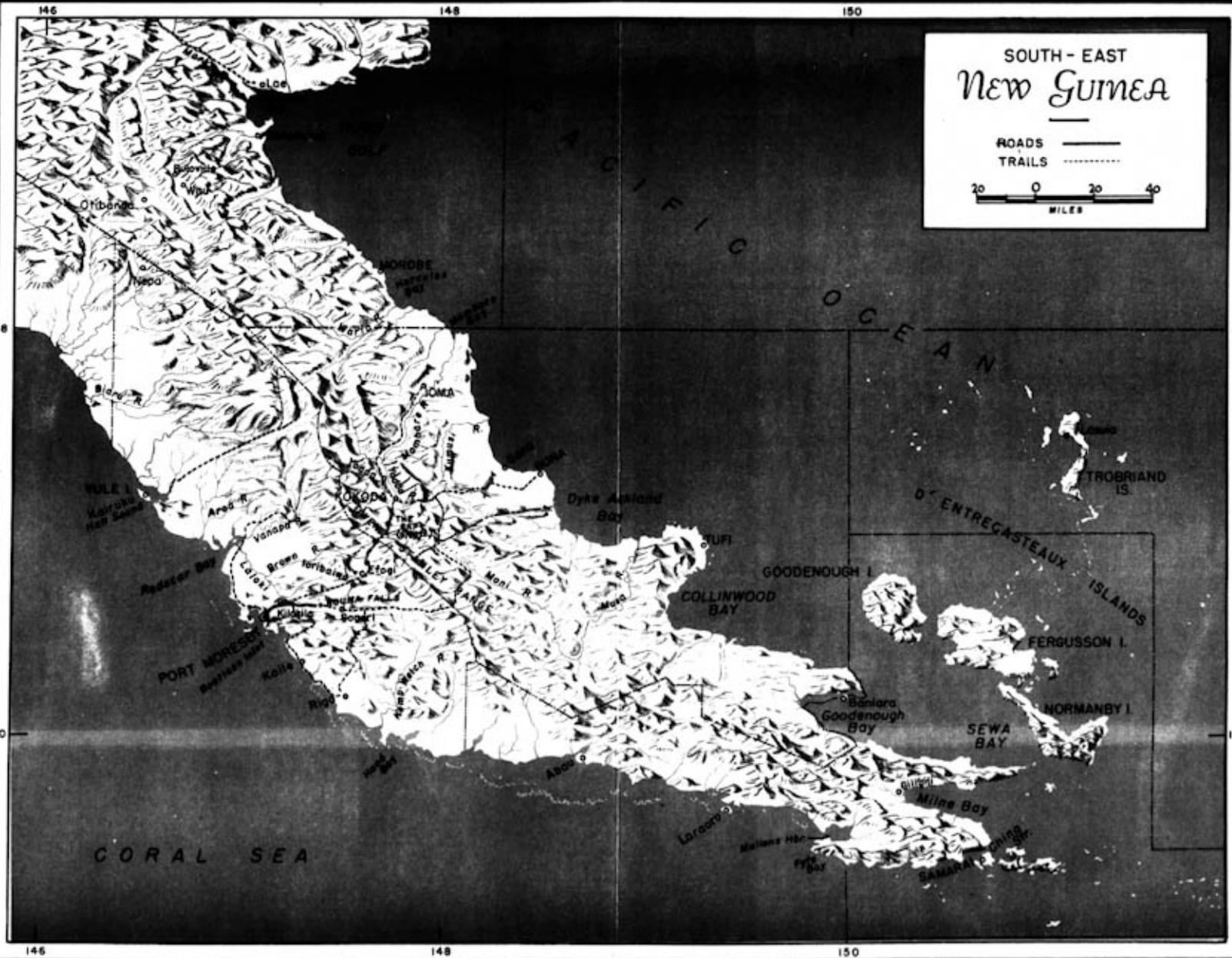
is at a premium. The town includes Government offices, hospitals, hotels, stores, a library, tennis courts, a race course, and other sports facilities. But all civilians other than males of military age were evacuated by military order early in the year, so that the town is now wholly a garrison post. (Even civilian Government officials, including the Administrator, were included in the order. The Territories of Papua and New Guinea are now administered as a unit by the military authorities under martial law.) The waterfront area of the Port has been the principal target for Japanese bombers. Its facilities include a main Government wharf, which was enlarged and improved by dredging shortly before the war, and two smaller wharves.

In the defense of Port Moresby, the security of the Laloki River will be of unusual importance. The water supply of Port Moresby has always been a serious problem, and just before the war a pumping and pipeline system was completed to bring water from the Laloki about 10 miles to the town reservoir. A former rain catchment, located on a hill above the town, was recently dismantled, presumably because it formed an unduly prominent landmark in war time. Loss of the Laloki River waterworks would be very serious in case of a prolonged siege.

##### *Areas Flanking Port Moresby*

If Japanese operations are intensified, two areas flanking Port Moresby will doubtless come into prominence. To the southeast is the Rigo District around the Kemp Welch River. The Japanese can reach the headwaters of this river by way of the alternative pass from the Buna side, already mentioned. They might then follow a branch trail down to the coast at Rigo with the purpose of striking west from there at the same time that they used the more direct approach through Sogeri. In the Rigo area, as elsewhere along the south coast of Papua, there are a few commercial plantations (coconut and rubber) and some mission stations. The Rigo area also has some partially exploited manganese deposits. This situation accounts for the trails from Rigo to Port Moresby across the hills from Bootless Inlet. There is no continuous trail system elsewhere along this coast.

A second area of some strategic importance is the Yule region northwest of Port Moresby. The principal settlement here is Katruku, on Yule Island. On the adjacent mainland a mule trail, sometimes called the "Yule Road," strikes inland for more than 120 miles. The trail was built by French Catholic Fathers to open up mission stations in villages high up on the interior plateaus and slopes. It is possible that the Japanese may try to reach this trail from Kokoda via the Mambare River headwaters, and thence penetrate to the south coast. They might also try to make their way overland across very rugged country from Yodda to the Vanapa River trail, in order to approach Port Moresby from the northwest.



**SOUTH - EAST**  
*New Guinea*

ROADS —————  
TRAILS - - - - -

20 0 20 40  
MILES

NUMBER 51

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OFFICE OF STRATEGIC SERVICES

THE WAR  
THIS WEEK

September 24–October 1, 1942

REGRADED UNCLASSIFIED

*Printed for the Board of Analysts*

Copy No. A

*For the President*

SEPTEMBER 24—OCTOBER 1, 1942

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Office of Strategic Services

## THE WAR THIS WEEK

While the Germans continue to hew their way slowly into Stalingrad, both the Russian public and, especially, high Soviet officials are asking insistently for the early creation of a second front. Hitler's speech of Wednesday lends itself to the interpretation that, with the fall of Stalingrad, the Germans intend no further large scale operations on the eastern front this autumn. The Nazis have, however, made preparations for an attack on Leningrad, and the Finns are reported to be debating as to whether they shall cooperate.

As Laval ousted from his cabinet the notorious collaborationist Benoist-Méchin (presumably for an intrigue with the Germans and the Doriotists), it became evident that Nazi pressure was increasing and that the position of Laval is highly precarious. The latter is reluctant to conscript French workers and his campaign for labor volunteers has failed to approach German demands; as a sop to the Germans, it is reported that Vichy is now releasing to them a considerable number of interned foreign ships.

While the British are mopping up in Madagascar, General de Gaulle has arrived in London, presumably to discuss the future administration of the island as well as current difficulties in Syria. The lull in Egypt continues. The enemy has clearly assumed defensive positions and there is no great likelihood of his renewing the offensive in the immediate future.

With a return to relative normalcy in the urban centers of India, left wing peasant leaders are apparently organizing a rural movement in behalf of the Congress Party which may well produce considerable violence.

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Meanwhile in New Guinea the Australians have forced the Japanese back toward Efogi, but reinforcements and the enemy's rapid development of the supply route from Buna will doubtless make him difficult to dislodge from this mountainous and jungle-clad area. Current Japanese expansion in the Gilbert Islands will give the enemy bases from which he could harass the Allied trans-Pacific supply line to Australia.

#### *Street Fighting in Stalingrad*

The tenacious defense of Stalingrad has continued for another week, although the Soviet forces are now probably split into two or three disconnected groups. Masses of wreckage have impeded the German attack and have aided the Russians in their street-to-street defense. The latter have even been able to bring in some reinforcements and to counterattack from the north. In the last few days, however, the Germans have bettered their positions in the center of Stalingrad and are now advancing into the northern part of the city. Meantime, the German air force has bombed Astrakhan, Saratov, and Soviet communications along the Volga.

To the south, the Nazis, while noting progress in the Grozny area, have failed to claim any concrete gains. Reports suggest that they are now sending reinforcements to this area. In the Circassian Mountains, they have apparently penetrated the Goitkh Pass and are approaching Tuapse, the last Black Sea port remaining to the Russians in the North Caucasus.

On the center and northern fronts, the Germans have counterattacked in the Rzhev sector, while before Leningrad, Soviet attempts to relieve the city have thus far failed to break through the narrow German-held strip east of the Neva and south of Lake Ladoga. In the Moscow area, the autumn

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rains have started. American military observers predict that the condition of the roads in this sector will become increasingly worse until the first hard freeze in November.

#### *Mr. Willkie and the Second Front*

Mr. Willkie's reception at Kuibyshev was extremely cordial. But nearly everyone he saw, even down to the workers of an aircraft factory which he visited, asked him when the Allies would establish a second front. Mr. Willkie's adroit parries included such statements as that the American public desired such a front, that he himself expected it would be established shortly, that such a front should be opened "at the earliest possible moment our military leaders will approve," and that he personally would do his best to advocate "active" aid for Russia when he returned to this country.

Meantime, public Soviet appeals for a second front have continued to be of a temperate and persuasive character. *The Information Bulletin* of the Russian Embassy in Washington points out the significance of Russian offensives on the Eastern Front in 1914 and 1916 in easing German pressure on the Western Allies, and concludes: "The experience of the first World War indicates that one of the decisive factors in the defeat of Germany was the unity of effort of the Allied powers." The Soviet radio has similarly tried to convince its English-language listeners by the reasonableness of its arguments rather than by threats or warnings of imminent Russian collapse—asserting that the Soviet forces are fighting the battle not only of their own country, but of "all mankind."

Furthermore, Russian broadcasts have claimed that the "overwhelming majority of the men and women of the United States and of the freedom-loving people everywhere" are convinced of the need "for immediate offensive action in Western Europe, which is now long overdue. . . ." Now is the time, the Russian radio insists: "Never was it more

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suspicious or more necessary than now to launch a powerful offensive against Hitler in the west, while 90 percent of his hords are tied down in the gigantic and desperate battle on the distant Soviet front." Quoting a press despatch from Ottawa, the Russian radio criticizes "the defeatist attitude of those who argue the impossibility of a continental invasion."

In contrast to the comparative temperance of these radio appeals, a high-ranking Soviet official, speaking off the record, has presented the Russian position in unvarnished terms. A second front, he asserts, is an immediate necessity, first, to maintain popular morale and trust of the Government in the Soviet Union; second, to bolster morale in the occupied countries; third, to shorten the duration of the war. The Egyptian campaign, he adds, is definitely not enough. But an "additional African Front" would be satisfactory if it diverted a sufficient number of German troops to enable the Russians to take the offensive. After enumerating the British, American, and Canadian troops in Britain, this Soviet official has concluded that all that is lacking is determination.

#### *Soviet Desperation*

In conversing with Mr. Willkie, Foreign Minister Molotov assured him that the Russians would hold the Caucasus and that they did not plan to give up Stalingrad. Stalin was evidently a good deal less optimistic. Furthermore, other important Soviet officials have recently recognized the loss of Stalingrad and the Caucasus and the reduction of Moscow to a condition of siege similar to that of Leningrad. This prospect, they declared, was causing a slump in Soviet morale extending even to the armed forces.

One official has added that Molotov's trip to Britain and the United States was a terrible mistake, since it aroused in Russia the hopes of a second front. In December, he

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declared, the removal of 20 Nazi divisions from the Eastern Front to ward off an Allied invasion would have given adequate relief to the Soviet Union; in June, the departure of 50 divisions would have been sufficient. But now, the withdrawal of at least 100 divisions would be necessary. At least one high-ranking army officer has gone still further—asserting that large elements in the Anglo-Saxon countries would like to see Russia and Germany fight it out until they were both exhausted, when Britain would be able to seize control of the Reich. British official reluctance to talk of the current status of Rudolf Hess, he offered as evidence of such a plan.

#### *The Finns Debate Their Strategy*

For two weeks now the Finns have been actively debating whether to take part in a Nazi offensive against Leningrad, according to advices from Helsinki. The General Staff apparently favors the scheme, while President Ryti and Marshal Mannerheim oppose it—evidently fearing the political consequences, especially as regards Finnish relations with the United States. According to the same source, the siege guns from Sevastopol were moved up to the Leningrad area about August 17, while the railroad between Narva and the Leningrad front is now closed to civilian traffic.

In a speech to the Diet on September 25, Premier Rangell, after referring to the Finnish "brotherhood in arms" with Germany, declared that "the changes in the attitude to Finland of certain foreign powers . . . have not induced us to adopt a different line of foreign policy than the one . . . dictated by our country's vital interests." Similarly, President Ryti has declared privately that the United States is primarily responsible for any deterioration in relations between the two countries and is willing to see Finland overcome by the Soviet Union. Meantime, an official statement that Marshal Mannerheim will no longer see military at-

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tachés of the United Nations has added to the coolness of Finnish-American relations. Toward the British the Finns are still more unfriendly; Finnish seamen apparently believe that the Soviet submarines which, they say, have sunk as many as 20 ships in the Baltic, are under the command of British officers. Further evidence of increasing Finnish dependence on the Nazis appears in the report that the Finnish Secret Police is now under the control of the German Gestapo.

#### *Intrigue against Laval*

From all quarters the present Vichy regime is the object of attacks and pressures. Laval has ousted from office Benoist-Méchin, an active and ambitious collaborationist, who had apparently been dealing behind the scenes with German officials and with members of Doriot's *Parti Populaire Française*.

The danger of the latter combination has apparently been sufficient to warrant summoning Noguès to Vichy for a general discussion with Laval regarding the suspension of all Doriotist activities both in France and Morocco. One report from Casablanca claims that, although they realize that they may be obliged to flee to North Africa, Pétain and Laval have decided to oppose any further attempts by the *Parti Populaire Française* to plot their overthrow with German aid.

The Benoist-Méchin-Doriot threat has also appeared in North Africa. An attempt to kill Noguès in a plane crash is reported, in which an active member of the *Parti Populaire Française* (who recently arrived in Morocco with a special travel order from Benoist-Méchin) has admitted complicity. After a telephone conversation with Laval, Noguès has been ordered to ship this agent back to Vichy. And in this connection, Admiral Darlan is said to be going to Casablanca

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on October 10, with the ostensible intention of inspecting the troops.

Informants at Vichy agree that the immediate future of the Laval Government is uncertain, but in general they feel that the Germans are probably not yet ready to install a *Gauleiter*. The Nazis may rather temporize with Laval, keeping him politically alive on a day to day basis, even if the labor returns are below demands. Pétain is reported to have refused to consider Doriot, but one informant questions whether the Marshal could not be softened on this point.

#### *French Shipping and Labor*

At the same time German pressure for French shipping and labor persists. Thirty-six foreign ships, totalling approximately 127,000 tons, are at present being turned over to the Axis, according to a reliable report from Vichy. These include former Norwegian, Dutch, Danish, and Greek vessels held by the French.

On the labor front Laval has published three decrees supplementing the new labor law, but he appears to be reluctant actually to apply the labor mobilization measure. He has stated that he has reached no agreement with the Germans to use force in executing the decree, and that he would resign rather than try to conscript French workers. Although admitting that thus far not more than 18,000 skilled workers have gone to Germany (compared with demands for 150,000), Laval still hopes to raise a considerable number by promises and threats, without use of actual force. In a clever press campaign he presents the problem under the headline, "The organization of labor and the relief of prisoners," and cites the "new and substantial advantages" that will accrue to the families of volunteers. Late reports indicate that the Nazis may be content with fewer than 150,000 skilled workers, and may waive the mid-October deadline tentatively established.

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*The British Mop Up in Madagascar*

Events in Madagascar continue to progress toward the establishment of full Allied control. The purposes for which the occupation was undertaken may now be considered substantially achieved. The British, despite determined resistance between Tananarive and Antsirabe, are steadily pursuing their drive to secure all vital lines of communication. Meanwhile the transition to military government, based on cooperation with the local authorities, seems to be proceeding favorably. The volatile population of the capital received the occupying troops with cheers, and the tricolor still flies in conformity with Anglo-American declarations that Madagascar's status as French territory is unaltered.

Meanwhile Fighting French headquarters announced that General de Gaulle had arrived in London from Brazzaville. Observers assumed that the future administration of Madagascar, as well as the situation in Syria, would be central in his conferences with the British. It remains to be seen how far London will accede to the Fighting French demand for control of Madagascar's civil affairs.

*Axis Defensive in Egypt*

In Egypt and Libya action has been limited to patrols and artillery exchanges. Recent British raids and reconnaissance indicate further regrouping of Axis forces in clearly defensive positions. The Afrika Korps has been divided and is now being used to support the Italian motorized and armored divisions that occupy most of the forward positions. The enemy also appears to have established strong points to resist British raids on his rear communications. Meanwhile Allied planes and submarines have taken a steady toll of Axis shipping in the Mediterranean.

The determined resistance of the Russians may have had an important effect on the Egyptian campaign. At a time

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when the battered British Eighth Army and the Allied air arm were being reinforced on a very considerable scale, Rommel was denied any large land or air reinforcements. Observers suggest that this must be explained either by the extent of German commitments in Russia, or by deliberate German policy of maintaining Rommel in North Africa primarily to cause the diversion of Allied strength and Allied shipping around Africa to the Near East.

*Syrian Imbroglia*

On his visit to Beirut Mr. Willkie was immediately ensnared in the Anglo-French rivalries in the area. The British had hoped to present a sort of Anglo-American demonstration of unity, and the French made every effort to enlist Willkie support of the De Gaullist position. Mr. Willkie himself appeared to be most interested in meeting the local Syrian and Lebanese leaders, and was much impressed with President Naccacche of the Lebanon.

*Rural Agitation in India*

Events in India still reveal a contrast between the comparative quiet of the cities and continued agitation in the rural areas. Although many textile mills in Madras and Ahmedabad are still closed, most of the mills in Bombay, Nagpur, and Calcutta are now in operation. The Tata steel works at Jamshedpur are working at near capacity. In an effort to keep manufacturing establishments open during possible further disturbances, the Government has raised its "dearness allowances" for railroad workers, and increased allowances for other laborers are expected. New Delhi observers also expect an increase in Army privates' pay from 23 to 30 rupees a month.

In the countryside, signs of a developing Congress move-

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ment paralleling irresponsible outbreaks of violence have been apparent during the past month, according to an observer on the spot. With the regular Congress leadership in jail, left-wing peasant leaders are organizing the movement. Many of them believe that only violence can drive out the British, our observer continues, and that Gandhi's statement just before his imprisonment that he was launching his "greatest" campaign, a "do or die" effort, constituted a tacit permission to his followers to use violence. Rural blacksmiths are now fabricating crude, home-made weapons. One peasant leader has stated in confidence that the planned movement may not break out until December, but that then it will be irresistible.

Meantime, the Indian press is carrying an increasing number of stories about the current civil disturbances. Although the Council of State in its final session at New Delhi refused to lift the censorship, the Government has apparently relaxed press restrictions on its own initiative—probably in an effort to convince opinion of the gravity of the situation. Already it has told the Central Legislature that stronger police forces than those now available will be necessary to keep the disturbances in hand.

#### *Japanese Reverses in the Southwest Pacific*

In the Port Moresby region, the tenuous Japanese supply line has been steadily battered, and in one 3-day period over Guadalcanal, American Army, Navy, and Marine fighters destroyed 42 enemy aircraft and damaged 3 others without loss of a single plane in combat. The chief reverse of the Japanese, however, appeared to be developing in the Port Moresby region, where for the first time since the Japanese landed at Buna on July 21-22, Allied troops were assuming the initiative.

Here, the fire of British 25-pounders (about the same

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caliber as our 105-mm. field guns) was apparently instrumental in halting an enemy movement south of Ioribaiwa Ridge late last week, and in opening the way for an Australian attack later which has dislodged the Japanese from their positions on the Ridge and driven them back toward Efogi.

The disadvantages under which the Japanese are operating in this area are tremendous. Their supplies must be packed in on a track which traverses almost the width of the Owen Stanley Range, and it is constantly subjected to bombing and strafing attack. The Japanese nonetheless have succeeded in transporting some light artillery pieces of their own across the range, as well as the light mortars ordinarily carried by their jungle and mountain fighters. They are reported now to be in process of constructing a corduroy road from Kokoda, their advance base, toward Efogi. Japanese troops in the area are estimated to number some 5,500 men, complete with units of cavalry, engineers, and mountain artillery. As the fighting again returns to the dense jungles and high mountains of the interior, these troops will not be easily defeated.

#### *Movements in the Solomons, Gilberts, and Aleutians*

Aside from air activity, the Solomon area was relatively quiet. Fairly sizeable naval units were sighted in the northwest, centering on the Japanese base at the southern tip of Bougainville Island, but neither battleships nor aircraft carriers have been reported in this sector for some time. Gizo, a small Japanese-held island in the New Georgia group, has apparently been evacuated. Within easy range of our aircraft on Guadalcanal, Gizo had been attacked regularly since the Japanese first began developing it as a forward base against our own newly-won positions in the Solomons.

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In the Gilberts, however, Japanese expansion continues. From bases in this island group, which lies not far south of the heavily fortified Marshall Islands of the Japanese Mandate, the Japanese might hope both to secure their own line of communications from the Marshalls to the Solomons and to interfere with the Allied supply line from Hawaii to Australia and New Zealand. Makin, the northernmost of the Gilbert Islands (which are British possessions), was seized at the outbreak of the war and since that time has been twice raided by American naval forces—the first time on the occasion of our first offensive naval action in the Pacific on February 1, and again on August 17 when Marines landed and destroyed all installations. The island has since been reoccupied, and Japanese control is known to have been extended in the past six weeks to other islands in the group. The Japanese have been busily engaged meantime constructing defenses. So far these efforts appear to have proceeded without significant opposition.

In the Aleutians, the Japanese apparently have evacuated their garrison from Attu Island, consolidating these troops with others on Kiska, their main base (200 miles to the east). Ships and shore installations at the latter base were bombed this week by a combined force of Canadian and American aircraft—the first of such operations. Of ten float planes sighted in the harbor, six were destroyed, and another was shot down in air combat.

#### *Supplies for China through Russia*

The U. S. S. R. has agreed in principle to permit shipment of supplies for China over the Trans-Caspian and Turk-Sib Railroads, and a conference will soon be convened to work out procedures, according to a highly placed observer. Chungking's representative in Russia expects that the Soviets will agree to permit movement of 19,000 tons of goods a

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year by rail from Ashkhabad (on the Iranian border) to Alma Ata or Sergiopol, and that the Soviets will supply 4,000 tons of gasoline and 1,000 tons of lubricating oil a year to maintain truck service through Chinese Turkestan. In return the Russians will expect annual Chinese deliveries of 4,000 tons of strategic materials (tin, tungsten, tung oil).

Russian permission for the use of Soviet railroads provides the necessary link in a supply line which will run from Karachi to Zahidan (Iran) by rail; Zahidan to Ashkhabad by Iranian highway; Ashkhabad to Alma Ata or Sergiopol by Trans-Caspian and Turk-Sib Railroads; Alma Ata or Sergiopol to Lanchow and Chungking by Sino-Soviet Highway (*The War This Week*, July 23-30, pp. 21-23).

The distances involved and the difficulties of fuel supply make it doubtful that this route can be sufficiently expanded to provide a complete solution to the problem of regular and substantial deliveries of supplies to China. However, the some 1,500 tons a month of materials which are to be moved under the prospective agreement will be a timely and important contribution to Chinese needs. The India-to-China air transport service has not as yet approached this rate of delivery. Moreover, the Soviet agreement to permit passage of supplies for China through its territory is not without significance. Presumably, the Soviets are no more desirous of provoking the Japanese than they have formerly been, and the Russian gesture seems to indicate some Russian concern over the Chinese need for supplies, and some belief that the delivery of these goods is worth the sacrifice of transport facilities entailed.

#### *Politics in Turkestan*

Meanwhile, Chungking has run into difficulties in its attempts to secure complete control of Sinkiang, the hitherto autonomous and Russian-influenced province through which

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the new supply line runs. Sheng Shih-ts'ai, long-time provincial war lord, has not been unwilling to cooperate with Chungking in ridding himself of some Chinese Communist rivals. These Communists have now been ousted from the local administration, according to a reliable source. But Sheng gives no signs of abdicating his own power, and Chungking does not feel that it can rely on him.

General Ho Yao-tsu, chief aide-de-camp to the Generalissimo, has been proffered the governorship of the province by Chungking. General Ho refuses the honor unless all provincial armies are placed under his control. The question as to the command of Sheng's army, which includes the White Russian brigade he recruited some years ago, thus remains the chief stumbling block to complete Kuomintang control. And Sheng Shih-ts'ai, who has long managed to combine use of White Russian troops and reliance on Soviet political support, is not likely to yield without a good bargain.

#### *Continued Speculations on Japanese Intentions*

Reports still indicate a wide variety of opinion as to probable Japanese intentions. General Wavell has stated that it is unlikely the Japanese will tackle anything so formidable as India or Australia under present circumstances but that sooner or later they will attempt to "remove the Russian menace" and "settle up the China business." A high Finnish official has warned of Japanese preparations for a "major land and sea campaign" directed against either Russia or the United States. Madrid's envoy to Japan is responsible for a report that the Japanese have already failed in an attempt to mediate the Russo-German conflict and are not likely to make another move.

General Chennault, on the other hand, believes that the next Japanese drives will be designed to strengthen Japan's two exposed flanks, the Solomons and Burma. As if to

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underline the prediction of impending Japanese action from the Burma base, United States Army Air Forces in China have renewed their raids on Japanese lines of communication west of the Salween River.

#### *Brazil Continues Drive against Axis Agents*

The police drive against the widespread and deeply-imbedded fifth column in Brazil resulted in the arrest last week of members of an Italian espionage ring in Rio de Janeiro and a number of German priests and nuns in the southern State of Santa Catarina. The German clergymen are accused of operating secret radio transmitters hidden under the altars of cemetery chapels. Their arrest corroborates reports, long current, that the Nazi overseas organization utilized certain members of German Catholic religious communities and the ministry of German Protestant congregations for propaganda and espionage purposes.

The Italian prisoners, headed by Papal Count Edmondo di Robilant, socially prominent official of the former Italian trans-Atlantic Lati airline, transmitted news of ship movements in the South Atlantic through a short-wave sender hidden in a rabbit and guinea pig farm. These prisoners are believed to be the agents from whom the Axis radio received news last March that the Queen Mary had docked at Rio de Janeiro.

#### *Toward National Unity in Mexico?*

Recent trends in Mexico indicate that President Ávila Camacho is gradually developing a basis on which to build a government of national unity capable of fulfilling Mexico's war commitments to the United Nations. After appointing ex-President Cárdenas as Minister of Defense, he has named General Abelardo Rodríguez, also an ex-President and one

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of Mexico's most important business leaders, to the new post of Coordinator of War Economy and Production. Far apart on domestic issues, Cárdenas and Abelardo Rodríguez fully support the government's international policy. Together they symbolize something approaching national unity, with Cárdenas representing organized labor and the peasantry and Abelardo Rodríguez representing Mexican industry, particularly that part associated with United States capital. In this connection, the appearance of all six living ex-Presidents with Ávila Camacho on the balcony of the Presidential Palace at a recent patriotic celebration was dramatic evidence that the Party of the Mexican Revolution has become broad enough, with Mexico at war, to embrace bitterly opposed rightist and leftist leaders of the past two decades. It was a display of internal harmony unprecedented in Mexican history.

Nevertheless, outside the "revolutionary family", President Ávila Camacho appears to be receiving considerably less than complete support in his plea for national unity. The term, to be sure, is widely used by intransigent ultra-reactionary and "New Christian Order" groups, such as *Acción Nacional* and the *Unión Nacional Sinarquista*. They also call for national unity, not for support of the war (about which they make demoralizing or at best ambiguous statements), but for the preservation of the family, the restoration of religious education in public schools, the destruction of trade unions, and the annihilation of communism. Actually, their program is creating an atmosphere of civil war, with full support of the less cautious pro-Nazi and Falange press such as *Hombre Libre* and *Omega*. However, with both the conservative and radical wings of the Revolution more firmly united behind his war policies, Ávila Camacho may soon be in a position to move with vigor against what is in effect a native fifth column of considerable strength, which still holds important positions within the government.

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#### APPENDIX I

#### THE GERMAN TEXTILE POSITION, AUGUST 1, 1942- JULY 31, 1943

As the result of a large expansion in the output of synthetic fibers, Germany will produce a sufficient quantity of textile supplies during the coming year to cover essential military and industrial needs, but at the same time her textile position will impose severe burdens upon the civilian economy, according to a study of the Economics Division of the Office of Strategic Services.<sup>1</sup> The quality of fabrics will decline to a marked degree, both for military and civilian uses, and civilians probably will be rationed at much less than 70 percent of the 1937 consumption level. This decline in quality of both civilian clothing and textile goods in general, coupled with a situation in other consumer goods which is less satisfactory than that of previous years, may very well mean that civilian morale will become a problem of outstanding importance during the coming winter, the report declares.

Germany has now exhausted not only her own reserves of textiles and textile fibers, but also those of the occupied countries. There is, moreover, no prospect of improvement in the German textile position, unless the Nazis conquer Egypt and obtain full economic collaboration from Turkey. Indeed, progressive deterioration of the German position is more likely, although minimum military and industrial needs will be met.

#### Supplies Available to Germany

Table I presents estimated prospective German supplies available from current production. The figures are broken down by type of fiber and, where possible, by source. A brief discussion of each estimate follows:

<sup>1</sup> This presentation is a summary of a larger study which analyzes in detail German sources of textile supply, and the probable pattern of consumption.

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TABLE 1.—German Prospective Supplies of Textile Fibers—Aug. 1, 1942—July 31, 1945

[In metric tons]

	New wool and animal hair (unwashed fleeces)	Recovered wool	Cotton <sup>1</sup>	Rayon and staple fiber <sup>2</sup>	Flax, jute	Hemp, etc. <sup>3</sup>
German Domestic Production <sup>4</sup>						
Turkey	10,000	47,000		500,000		
Bulgaria	3,000		2,500			
Greece	3,000		2,000			
Rumania	1,000		1,000			
French North Africa	2,500		3,000			
Italy	10,000		5,000			
France			2,000			
Hungary	6,000	2,500				
Yugoslavia	750					
Czechoslovakia, Poland, Estonia, Latvia and Lithuania	2,500					
Spain	1,000					
Portugal	2,000					
Russia	2,250					
	42,000	56,500	19,500	500,000		430,000
Total						

<sup>1</sup> Recovered cotton and rayon have not been included in available textile fiber since it is unlikely that any appreciable amount of such materials will be available for German purposes; such materials will be used for paper-making, mattress stuffing, etc.

<sup>2</sup> Not including paper substitutes.

<sup>3</sup> Including the Old Reich, Austria, the Reichsland, Alsace, Lorraine, and Luxembourg.

<sup>4</sup> Total only; no stamps at country by country breakdown.

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1. *New Wool and Animal Hair.* German supplies of wool can be increased above the total given (42,000 metric tons) only if the Germans gain command of the resources of Turkey. If, on the other hand, Germany were to lose all supplies of wool currently imported from North Africa, the new wool available to her in 1942-1943 would be decreased by 25 percent. Otherwise, the German situation has reached a relatively stable position and is not likely to change significantly during the next two or three years.

2. *Recovered Wool.* The total tonnage in recovered wool likely to be available to Germany is difficult to estimate, but the largest amount will be salvaged from the armed forces themselves. If we take into account the number of men under arms, the amount of textile equipment issued (with allowances for organizational and regional differences), and the thoroughness with which the Germans salvage textile materials on the battlefield, 37,000 tons of wool can probably be recovered from this source. The civilian population has already been deprived of great quantities of its woollen clothing and blankets, and probably no more than 10,000 tons can be added from this source. If we assume that there will be a decline in the number of Russians taken prisoner in the coming year, and that the Russian salvage and reclamation corps will itself leave less for the Germans to pick up, the increment of recovered wool from this source may also be placed at about 10,000 tons.

3. *Cotton.* Germany can increase her supplies of cotton above the estimate in Table I only if she gains control of the resources of Turkey and Egypt. Turkish cotton would not be so necessary if Germany were able to conquer Egypt, where as much as 100,000 tons might be available from the current crop, and considerably more if accumulated stocks (estimated at 200,000 tons as of October 1, 1942) were not removed or destroyed in time to avoid capture. As with wool, however, the cessation of imports from North Africa would reduce the German cotton supply by some 25 percent. (It is improbable that the Germans could obtain control of Uzbekistan and Turkmenistan, the chief Russian cotton producing centers, during the period under discussion; hence this source has been excluded.)

4. *Rayon and Staple Fiber.*<sup>1</sup> German output of synthetic fibers is adequate to meet essential needs. In this connection, Germany has encouraged the expansion of synthetic fiber production in the occupied countries, especially in France and Belgium, so that these countries may meet part of their textile requirements while the Nazis continue to strip them of their more valuable natural fibers (e. g., wool, hemp, and flax).

5. *Industrial Fibers.* The estimate of 300,000 tons of industrial fibers is based on a study of prospective 1942 European production of flax, hemp, jute, and other industrial fibers, and of the part of total production that is likely to come into German hands. Of the total estimate, 20,000 tons represent prospective imports of palm fiber and alfalfa grass from French North Africa.

#### The Allocation of Available Supplies

1. *Military Consumption.* From the available supplies, military needs will be met first. Table 2 presents a breakdown of estimated military consumption for the coming year, based on the assumption that military, police, and other uni-

<sup>1</sup> Staple fiber is rayon filament which has been cut into short pieces so that it can be spun, like cotton or wool.

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formed forces of approximately 11,240,000 persons will be maintained throughout the year. Total requirements of textile goods for one year for these forces amount to about 137,700 tons (79,600 tons of wool and 78,100 tons of cotton and staple fiber).

TABLE 2.—Estimated German Military and Semi-Military Textile Requirements—  
Aug. 1, 1942–July 31, 1943

Organization	Number of men	Initial issue <sup>1</sup> (metric tons)		Annual maintenance <sup>2</sup> (metric tons)	
		Wool	Cotton and staple fiber	Wool	Cotton and staple fiber
Army.....	6,990,000	90,200	89,600	82,200	61,900
Paratroops.....	50,000	4,500	4,500	2,300	2,300
Air Force.....	1,500,000	13,600	13,600	5,400	5,400
Navy.....	200,000	1,800	900	700	700
New call-ups.....	300,000	<sup>3</sup> 6,800	<sup>3</sup> 6,800	6,800	6,800
Uniformed non-military personnel <sup>4</sup> .....	2,000,000	6,200	2,700	2,200	1,000
	11,240,000	123,200	118,100	79,600	78,100

<sup>1</sup> Because of geographical and organizational differences, the estimates range from 7 to 33 pounds of wool per man, and from 3 to 33 pounds of cotton per man.

<sup>2</sup> Because of geographical and organizational differences, the estimates of annual maintenance range from 35 to 50 percent of initial issue.

<sup>3</sup> Counted as annual maintenance for 1942-43.

<sup>4</sup> Postmen, firemen, postal workers, railway workers, women's corps, etc.

If events on the Russian front should allow Germany to demobilize large numbers of men and put them to work on farms and in factories, military requirements would of course be reduced. The demobilization of 3,000,000 men for an average period of six months between now and the end of July 1943, would reduce military consumption by 25,000 to 30,000 tons. These men would require civilian clothing, however, so that the net gain would not be great.

It is apparent that Germany has neither enough cotton nor new wool to meet her present military requirements. All of the 42,000 tons of new wool and animal hair probably will be used for military purposes, the deficit of nearly 38,000 tons being met by using recovered wool and synthetic fibers in about equal quantities—about 19,000 tons of either. Less than 20,000 tons of cotton will be available and all this, too, probably will go to the army, for use in clothing, bandages, canvas, and other such items. The deficit of more than 58,000 tons will be met by the use of synthetics.

After a deduction for military requirements there remain available for other purposes some 764,000 tons, as follows:

Staple fiber.....	423,000
Recovered wool.....	41,000
Flax, hemp, etc.....	300,000
	764,000

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2. *Industrial Consumption.* In 1937, Germany had net imports of 275,210 tons of industrial fibers, of which hemp, jute, and flax comprised the chief categories, although fairly large amounts of sisal and coir were also imported. Total consumption of industrial fibers in that year amounted to 315,810 tons. Despite the great changes which war has imposed upon the pattern of industrial consumption in Germany, wartime needs probably are higher than in peacetime. In addition, Germany must now supply Austria and the Sudetenland. An estimate of 400,000 tons of fibers for industrial purposes probably is not excessive. To meet this, German supplies of flax, hemp, and similar fibers will not exceed 300,000 tons in 1942-1943.

Of this latter amount, some 280,000 tons will come from European production of flax and hemp, while 20,000 tons of palm fiber and esparto can be imported from North Africa through France. The remaining 100,000 tons will be obtained by the use of rayon and staple fiber.

3. *Civilian Consumption.* After essential military and industrial requirements are met, at most only 40,500 tons of recovered wool and 323,000 tons of staple fiber remain for civilian use. If we assume a civilian population figure of 70,000,000 (including Austria and the Sudetenland) and also assume that every pound is actually made available to the civilian population, this supply would amount to an average of about 11.5 pounds per capita. Average prewar utilization per person was about 17 pounds.

This supply must cover not only clothing, but blankets, sheets, towels, blackout cloth, carpets, and all other textile products. In all probability, however, Germany will be obliged to export some staple fiber in return for necessary imports and, in the case of the occupied countries, in order to maintain output at the desired level. Moreover, if Allied bombings continue on an increasing scale, the destruction of wardrobes and household textile furnishings which must be replenished will cut significantly into the stock of supplies normally available. Civilian consumption consequently will be reduced to a figure well below the average of 11.5 pounds per person.

The situation created is actually worse than the comparative consumption figures would indicate, since virtually all of the textile materials available to civilians will consist of rayon and staple fiber, which are inferior both in warmth and wearing qualities to the cotton and wool available in 1937. Moreover, these synthetic fabrics disintegrate when laundered with the soap now available to German civilians. Replacement is required more frequently than in previous years. Hence mere quantitative comparisons understate the present civilian situation.

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APPENDIX II  
THE GERMAN SUBMARINE FLEET<sup>1</sup>

(Revised Estimate)

1. June Estimates

Recent information necessitates a downward revision of the estimates of German U-boat strength presented in *The War This Week*, June 25-July 2, 1942. The schedule of completions in German shipyards as calculated at that time called for an increase in the total number of ocean-going U-boats to about 335 at the end of August. Operational intelligence for August 25, 1942 places the total number at 312. If the operational estimate is accepted and if the assumption of a present sinking rate of 5 per month, rather than the former 4, and of a wastage rate of one per quarter holds true, the discrepancy would suggest a delay of 25 scheduled completions. Factors which may have contributed to these delays, according to British sources, include the unusually harsh winter, and bombing attacks on shipyards. Part of the discrepancy may be due to the inapplicability of the assumed building times to all yards, rather than to actual delays.

2. New Completions, September-December, 1942

Some of the boats whose completion was held up in the June-September period probably will become ready during the period September-December, 1942. But others scheduled for the same period will not come off the ways, since the earlier delays will have prevented the laying of some of the keels scheduled for launching during this fall. Under the assumption that the effects of the two factors will cancel over the latter period, total new completions during September-December will still be in the vicinity of the number predicted in June: 100.

In short, the delays in completion which were suffered in the months preceding August will not have been made up. While the estimated September-December schedule of launchings might be, on balance, fulfilled, the total production program for 1942 would still be lagging as the year closed.

3. Reduction in Rate of Commissioning

Even the assumed increment of 100 ships to the U-boat fleet between September 1 and December 31 will not, however, add that number to its actual, immediate operating strength. A considerable fraction of the fleet will always be "on trial"—new ships making their practice runs, old ships re-trialing and refitting. Operational intelligence indicates, in fact, that the proportion of U-boats on trial is rising markedly. At the end of August, 124 boats were placed in this category. Of these, about 35 had probably been completed during July and August and were doubtless undergoing their first trials. About 45 more are believed to have been refitting and re-trialing—on the assumption that some of the May completions were then in service, and that about one-fifth of the total fleet is on trial at any one time.

Subtracting these 80 which would "normally" be expected to be on trial from the total of 124 given by operational intelligence, we find that some 44 ships

<sup>1</sup> This study was prepared in the Economics Division of the Office of Strategic Services.

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appear to have been completed before July but were still uncommissioned as late as September. The accumulation of this back-log of U-boats is probably due not only to a shortage of trained crews, but also to operational factors and to the Nazis' failure to construct enough harbor installations on the French coast to shelter safely the increased output of boats.

4. Present Estimate—December, 1942

In tabular form, the predicted German U-boat position at the end of this year can be summarized as follows:

Total strength, end of August, 1942.....	312
New construction.....	100
Ships commissioned from backlog.....	44
	<hr/>
Losses due to enemy action:	456
5 per month.....	20
Wastage:	
1 per quarter.....	2
	<hr/>
Maximum total.....	434

5. Present Estimate of Nazi Atlantic Patrol

Of this estimated maximum of approximately 434 U-boats, about 50 should be undergoing their first trials in December. Boats re-trialing and refitting should increase to approximately 65. Accordingly, the Nazis should be able to deploy a maximum of nearly 320 submarines in all areas toward the end of December—as against 190 at the end of August.

If the proportion of the total Nazi submarine fleet assigned to the Atlantic in August should remain reasonably constant, we can expect two-thirds of the German U-boat increase to appear at Atlantic and French ports. This would bring the commissioned strength of the Atlantic submarine fleet from about 140 in August to 220 in December. If the same ratio is maintained between submarines in port and those on patrol (including boats in transit to and from their stations), the total number operating in the Atlantic would jump from about 90 at the end of August to nearly 130 in the last days of December, 1942.

Whether this rise in the size of the Atlantic sub-packs will actually take place is another matter. British bombing raids since April have put a demonstrable crimp in U-boat output, and the Nazis' apparent inability to commission all completed craft may indicate a serious bottleneck in skilled manpower. If Allied air bombardment can be stepped up appreciably, and if the backlog of "non-commissionable" submarines continues its gratifying rise, the German U-boat schedule may fall well short of even our revised prediction.

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APPENDIX III

PUBLIC OPINION IN CANADA: MANPOWER, CONSCRIPTION,  
AND PARTY ALIGNMENTS

Canada's growing manpower shortage and the continued opposition in Quebec to overseas conscription are symptomatic of significant internal tension—in the view of an OSS observer recently returned from Canada—despite the fact that Canada is outwardly far more tranquil than last Spring.

*The Manpower Shortage*

The gravest Canadian problem at present is the increasing shortage of manpower brought on by the rival demands of war industry and the armed forces. Women already form about 10 percent of the total of Canada's war workers. Unless women can fill the needs of war industry to a much greater extent than has hitherto been anticipated, it will probably prove impossible to apply the conscription law even in case of need. Should the Canadian forces overseas sustain heavy losses, the enrollment of replacements at home might prove a serious problem. Although Canada is proceeding with plans for the increased use of women in war industry, there are signs of concerted opposition from Catholic leaders, especially in Quebec, who fear that placing women in factories will mean a serious dislocation of home life.

*Sentiment in Quebec*

The opposition to overseas conscription, expressed in an overwhelming fashion by Quebec in the plebiscite of April 1942 and by Quebec's vote against the conscription bill in the Parliament at Ottawa last summer, is now crystallizing into a so-called "political movement" which threatens to become a French Canadian "third party." Its leaders are Maxime Raymond, M. P., long time opponent of Canadian war participation, and René Chaloult, member of the Quebec Legislative Assembly, only recently acquitted of a charge of seditious utterance. Reliable reports suggest that the new party will attempt to wrest control of the Provincial Government and Legislature from the Liberals—whose support of the conscription bill has discredited them with the Quebec electorate. Later on, the new party hopes to gain control of the Quebec delegation in the federal Parliament.

The party platform, not yet formally announced, will probably sponsor unceasing opposition to overseas conscription and a limitation of Canadian participation in the war. Furthermore, the party will doubtless make a determined effort to wrest control of the natural resources of Quebec from the Anglo-Canadian and American interests which now control them. Continued labor troubles at the American-controlled Aluminum Company of Canada's great plant at Arvida, Quebec, might well play into the hands of such a nationalist movement.

The bitterness and discontent of French Canadians which underlie the formation of a third party movement appear in recent Gallup polls taken in Quebec. To a question as to whether they believed that Canada would participate in the present war if the Dominion were not part of the Empire, 83 per cent of the French Canadians asked replied "yes," 59 per cent answered "no," while 8 per

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cent were undecided (Anglo-Canadians: 81 per cent "yes," 14 per cent "no," and 5 per cent undecided). To a question as to whether Canada could be considered as a nation independent of Great Britain, only 25 per cent of the French Canadians asked replied "yes" and 70 per cent "no," with 5 per cent undecided. Among English-speaking Canadians the proportions were 52 per cent "yes," 42 per cent "no," and 6 per cent undecided.

More significant still was the answer given by French Canadians to the question whether a Hitler offer of peace based on the status quo should be accepted. Thirty-one per cent of the French Canadians replied that they would approve such a peace, while 59 percent expressed disapproval and 10 per cent were undecided. Among English-speaking Canadians the percentages were 86 per cent disapproving, 9 per cent approving, and 5 per cent undecided. In another poll in which people were asked to state their preference for or against conscription, the percentage of French Canadians voting against conscription increased from 88 per cent in a poll taken in April to 90 per cent at the present time. On the other hand, the percentage of English-speaking Canadians approving conscription increased from 68 per cent in April to 78 percent in August of this year.

*The Anglo-Canadians*

Anglo-Canadian tempers are rising at Quebec's continued lukewarmness about the war and her continued refusal to accept overseas conscription in a war in which they are convinced the very existence of Canada is at stake. Even among those English-speaking Canadians who are usually tolerant of the French Canadian point of view, the demand is growing that Quebec's extremist press be curbed and that any evasion of military service by French Canadians be dealt with in the sternest possible fashion. Irresponsible elements even go so far as to say that Quebec opposition should be "cleaned up" by force of arms. On the other hand, French Canadian extremists state that since the plebiscite scarcely more than 25 percent of the French Canadians summoned for military service for home defense have answered the draft call. And in Quebec one hears exaggerated stories of insults and threats of violence to the French Canadian population by English-speaking soldiers passing through the province on troop trains.

*The C. C. F. Party and Quebec*

The two major Canadian parties—Liberal and Conservative—are alarmed at the rising influence of the C. C. F. Party (Cooperative Commonwealth Federation), especially in the west and among the younger generation. In the event of a provincial election in Saskatchewan, prominent Liberals concede that the C. C. F. may well carry the province.

Last summer, the C. C. F. made a decided bid for French Canadian support by throwing its Parliamentary vote against the overseas conscription bill. Anglo-Canadian partisans of an all-out war effort have denounced this maneuver as a repudiation of the party's previous position. Actually, however, the stand of the C. C. F. on the conscription bill was on the whole consistent with its demands—dating back to September 1939—that there should be no conscription of men without a conscription of wealth.

The C. C. F. is now attempting to capitalize on its anti-conscription stand by sending French-speaking political organizers into Quebec for the first time in the

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Party's history. Although the C. C. F.'s brand of mild socialism is not popular with the Catholic clergy, many nationally-inclined priests might support the C. C. F. to get revenge on the Liberals for what they consider the "sell out" of Quebec on the conscription issue. If the present trend to the C. C. F. should continue, it is possible that its parliamentary delegation at Ottawa may supplant the Conservatives as the official opposition.

### *The Dieppe Raid; Canadians and the United States*

Canadian reactions to the Dieppe raid were on the whole very favorable. Although distressed by their large losses, Canadians were proud that their troops at long last had figured so prominently in a hazardous operation. Some Canadians resented the exaggerated claims of certain American newspapers that United States Rangers had played an important part in the raid, when they well knew that scarcely more than a handful had been actually involved. Only in nationalistic French Canadian circles was the criticism expressed that Canadian rather than British troops had been chosen for so dangerous an enterprise.

Canadian public opinion, which has been extremely favorable to the United States since the fall of France and the Battle of Britain, seems once again to be veering towards greater dependence on the mother country. While the United States was not a belligerent, it was possible for Canadians to feel that, while cooperating with the United States in defense of this continent, the Dominion was nonetheless playing a superior role as the only North American power which had aided Britain in her hour of need. With the American war effort taking on vast proportions, Canadians are returning to their habitual feeling that their own efforts are overshadowed by those of the United States. Moreover, Quebec's uncooperative attitude towards the war effort is increasing the uneasiness of the Anglo-Canadians and making them more conscious than ever that they themselves today constitute a bare majority of the Dominion's population. The result is a resurgence of colonial-mindedness on the part of Anglo-Canadians throughout the Dominion and a consequent inclination to seek refuge in the age-old ties of Empire.