Lillian Dennison called:

Mr. Murphy has just gone in to the President's office (at the President's request). As he left, he asked Lillian to see if you have that "intelligence memo" ready. He said that if you have it ready, you might bring it on over and bring it in.

S.R.
SECRET

THE ATTACHED PAPER IS A SUMMARY OF A SECRET REPORT

PREPARED BY THE CENTRAL INTELLIGENCE AGENCY

ON DECEMBER 11 AND ENTITLED

"PROBABLE SOVIET MOVES TO EXPLOIT THE PRESENT SITUATION"

(as prepared by SCS/)

SECRET
The treatment of developments in Korea by the Soviet Union and the Soviet satellites indicates that they assess their current military and political position as one of great strength in comparison with that of the West.

Moscow has disclosed through a series of authoritative statements that it aims to achieve the following gains from the present situation:

1. Withdrawal of United Nations forces from Korea, and withdrawal of the United States Seventh Fleet from Formosa waters.

2. Establishment of Communist China as the predominant power in the Far East, including the seating of Communist China in the United Nations.

3. Reduction of Western control over Japan as a step toward eventual elimination of such control.

4. Prevention of West German rearmament.

Moscow has given no indication that it will compromise on any one of these points. Furthermore, it has shown that it intends to continue pressing for such additional objectives as the following:

1. Destruction of the unity among the Western countries, thereby isolating the United States.
2. Alienating the Western peoples from their governments so that the efforts of the Western countries to strengthen themselves will be undermined.

3. Wiping out the Western foothold in Southeast Asia.


Moscow has indicated that it intends to gain these objectives by a continuation of pressures rather than by negotiation. However, Moscow will continue to advertise to the world its willingness to hold meetings with the Western powers. This is for the purpose of strengthening its pretensions as the champion of "peaceful settlement," and for the purpose of creating confusion in the United States and Western Europe. Moscow continues to regard conferences as places to consolidate gains already won, or being won, by force.

Whether or not the Western countries make any move looking toward negotiations, Moscow plans to continue Chinese communist pressure in Korea until United Nations forces withdraw from Korea. A determined and successful stand by the United Nations forces in Korea would, of course, require a Soviet re-estimate of the situation.
The scope of Soviet military preparations and the nature of Soviet propaganda raises the question of moves in other areas. The points that appear most critical are Berlin, Western Germany, Indo-China, Yugoslavia, and Iran.

So far as Germany is concerned, Moscow has been stepping up at a fast rate its propaganda campaign against rearmament of Germany by the West. The present trend of Soviet activity in Germany suggests that there may soon be drastic action, possibly including a renewal of the Berlin blockade and violence in Western Germany. It is not likely, however, that the Soviet Union will at this time repeat the Korean pattern in West Germany unless it intends to start a general war.

In Indo-China, it is expected that communist efforts to take over the country will be increased. The Chinese communists are supplying military equipment and technical assistance to the communist forces in Indo-China. If this assistance proves inadequate, the Chinese communists will probably join in the fighting in Indo-China.

In Yugoslavia, it is not believed that Moscow intends to launch a direct attack in the immediate future. However, the Soviet Union is capable of launching an attack on Yugoslavia virtually without warning. The possibility of such an attack cannot be disregarded.
In Iran, present Soviet policy is designed to wean that country away from the United States and Great Britain. Unless Soviet rulers have decided that a general war is imminent, their present intention probably is to keep Iran weak and distracted, while they speed up their efforts to bring into power a government friendly to Russia.

Beyond the danger of further Soviet-Communist action in Germany, Indo-China, Yugoslavia, and Iran there remains a possibility that the Soviet Union may seize upon the present crisis to precipitate general war with the United States. Soviet propaganda has been stressing the threat of a new world war arising out of the current situation. The Kremlin is continuing preparations for military actions by Soviet troops. Moscow may be hoping, by these steps, to frighten the West and to reduce our will to resist. However, the situation is such that the possibility cannot be disregarded that the Soviet Union has already made a decision for general war and is getting ready for it.