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EXTRACT

The month of June marked a new and severe crisis in the "Battle of Berlin". The City Assembly of Berlin by a vote of 87 to 17, elected Ernst Reuter as Oberbürgermeister, replacing Ostrowski who resigned after a vote of no-confidence in the Assembly. The Russians at the Berlin Kommandatura level refused to approve Reuter's election, and the matter has been referred to the Allied Control Council, where presumably the same Russian veto will be met. The constitutional issues, the statements of Allied officials, the maneuvering of the Berlin parties are adequately covered in news dispatches and intelligence reports. (In this connection attention is called to the article in ODI Weekly Summary, No. 59.)

The extent of the American setback in the Battle of Berlin was reflected in a recent press conference of the Assistant Deputy Military Governor, Brigadier General Ryan. Some 70 or 80 American correspondents "ganged up" on General Ryan in an extremely vigorous fashion, criticizing severely the American role in the quadripartite government of Berlin. When General Ryan pointed out the record of some 900 Kommandatura agreements, the New York Times representative acidly inquired whether this represented 900 American concessions. Colonel Howley, head of Military Government, Berlin Sector, challenged the proposition that the U. S. is losing the Battle of Berlin, and rather rashly suggested a poll of opinion among the correspondents. A show of hands was immediately called for, and every correspondent in the room and a number of officials, including Colonel Howley's chief political officer, voted that the battle was being lost.

Although it is true that there is a tendency of Americans in Berlin to magnify the significance of local developments, the unanimity of this pessimistic verdict is certainly sobering. One of the most disturbing features of the present state of mind, is the recurrence of what has been called the "invasion of Zehlendorf jitters". It may be recalled that exactly one year ago there occurred a near panic in American military command, touched off by a combination of wild rumors and apparently responsible intelligence reports to the effect that Russians were planning a sort of Pearl Harbor coup in Berlin, as a prelude to over-running western Europe. Elaborate and in some respects rather farcical plans were drawn up to evacuate women and children by air from Tempelhof, while defending American installations to the bitter end. Inevitably the precautionary measures called the attention of the German public to the scare, causing acute demoralization and loss of confidence in American occupation.

It is perhaps merely a seasonal phenomenon that the same atmosphere again prevails. High ranking Army officers speak seriously of the

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"Asthetic cunning" of the Soviets prompting a surprise attack. More thoughtful conjecture centers on the effect of the transfer of the bi-zonal economic headquarters to Frankfurt, and the prospect of a hardening East-West division in Germany, which would make our position in Berlin untenable. A Major General of SUCOM has expressed his private opinion that the effort of holding out in Berlin may be costing us more than it is worth. So far, indeed, General Clay has made it fully apparent that he entertains no thoughts of a withdrawal from Berlin, but firmly intends to stay on, as he put it, "to the bitter end". General Clay's repeated public assurances have helped to calm German fears, but each new set-back of quadripartite relations, whether reflected on the level of the failure of the Paris Conference, or of the Berlin City Assembly, touches off the rumor chain again.

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***II-2: Memorandum for the President, 16 March 1948 (MORI: 9259).***

DCI Hillenkoeter's memorandum brought the curtain down on the March 1948 "war scare." Because General Clay's so-called "war warning" emanated from outside normal intelligence channels, Hillenkoetter apparently felt that CIA's credibility was at stake. He thus appended a CIA memorandum from the previous December evaluating the situation and forecasting Soviet moves. That CIA was still a very young agency is reflected in the use of recycled Central Intelligence Group (CIG) stationary.

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CENTRAL INTELLIGENCE GROUP AGENCY  
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WASHINGTON 25, D. C.

~~TOP SECRET~~

16 March 1948

MEMORANDUM FOR THE PRESIDENT

The Central Intelligence Agency and the intelligence organizations of the Departments of State, War, Navy and Air Force agree that if the Congress passes a universal military training act and/or a selective service act these measures, taken singly or together, will not of themselves cause the USSR to resort to military action within the next 60 days.

*R. H. Hillenkoetter*  
R. H. Hillenkoetter  
Rear Admiral, USN  
Director of Central Intelligence

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