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CENTRAL INTELLIGENCE AGENCY

WORKING PAPER

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## INTERNATIONAL ORGANIZATIONS GROUP

WEEKLY SUMMARY NO. 3

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Volume II

The International Week

Spurred by Asiatic concern over the Indonesian imbroglio, the Security Council is contemplating further action to force the Dutch toward a reasonable settlement. Meanwhile progress in the UN-sponsored Rhodes armistice talks between Egypt and Israel have given rise to cautious optimism. The break-up of the WFTU into eastern and western blocs appears at hand as the WFTU Executive Bureau meets in Paris.

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OEEC strengthening in prospect. With the US Congress about to cast a critical eye upon European economic cooperation and progress towards recovery, the ERP countries will probably soon take measures to strengthen the OEEC on a high political level. The British, previously the chief holdouts, have reportedly agreed to such a need and are thinking of establishing a five-man working committee of key ministers from the UK, France, Italy, Benelux and a Scandinavian country, which would meet frequently to deal with such vital problems as reconciling the conflicting UK and continental recovery views. Belgium Premier Spaak has expressed concern over bringing the UK to understand the continental view that the ERP is concerned with the needs of Europe as a whole, which, according to Spaak, basically differs from the British view, seemingly concerned only with UK economic recovery. There is indeed a basic difference between the UK view that recovery planning should be on a severe austerity basis in order to achieve a balance of payments by 1952, and the French view that it should aim at a reasonably good living standard based on expanded imports and exports. The UK four-year plan, based on continued austerity, envisages limiting imports from the continent, while the French rely on increased exports, largely to the UK.

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Palestine developments. Last week's tension in the Middle East following the Israeli attack on RAF planes has been somewhat relieved. Civility, if not warmth, appears to prevail at Rhodes and progress of the talks between Egypt and Israel, including release of the Faluja garrison, justifies some optimism respecting the outcome of the conversations. The conference, however, has not yet come to grips with the problem of drawing permanent armistice lines, which will inevitably exercise a practical effect upon the ultimate

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territorial settlement. The British are still backing the Arabs in seeking a corridor across the southern Negeb to connect Egypt with Transjordan and Iraq. Israel still desires an outlet to the Red Sea at the head of the Gulf of Aqaba. If, however, the Jews can obtain a peace which will permit the resumption of much-needed normal economic activity, there is some chance that they may ultimately make some concession in the Negeb.

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Reparations problems with UK and France. US plans for building up the Western German economy as an integral part of the FRP may be impeded by disagreement between the US, UK and France over two aspects of German reparations: (1) dismantling of industrial plants and (2) use of rolling stock in Germany. Current intergovernmental negotiations concerning the Humphrey Committee report reveal stiffened resistance to US proposals for retaining in Germany, to aid general European recovery, a number of industrial plants originally scheduled for dismantling. The British refuse to agree to the retention of forty-eight of the one hundred sixty-seven plants on the Committee's list. Furthermore, they have expressed unwillingness to postpone any longer the dismantling of certain plants on the reparations list on the grounds that further delays in the face of open German resistance will seriously endanger Britain's prestige as an occupying power.

In the matter of rolling stock, the French are causing the difficulty. The July 1948 agreement for exchange of 23,000 of the 70,000 German freight cars held by France has been only partially implemented. The French maintain that the German cars are German external assets and, as such, belong to France and now seek to divert new FCA cars from Bizone to France as the price for returning the German cars. Since the US considers this unacceptable, the French may present the issue to the Inter-Allied Reparations Agency (IARA) where they believe their claims to the German cars will be upheld. Permanent retention by France of the disputed freight cars, coupled with the possible return of French rolling stock now being used in Bizone, would put a considerable strain on the transportation facilities of Western Germany and hamper its economic recovery.

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Soviet propaganda in UN technical bodies. No international body, however technical its functions, appears sufficiently remote from the ideological battlefield to be overlooked as a vantage point for Soviet propaganda. For example, Soviet Chairman Chernyshev's remarks in recent discussions of the UN Fiscal Commission on the fiscal aspects of the Trusteeship Council's Provisional Questionnaire for Trust Territories sounded the opening gun in another local skirmish of the Soviet propaganda war on the "colonial" powers. Chernyshev followed this up by denouncing a project for eliminating international double taxation as a scheme to protect investors who exploit underdeveloped countries.

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UK opposition delays IRO resumption of Palestine emigration. The International Refugee Organization, which in May 1948 relinquished responsibility for the movement of Jewish refugees to Palestine because of the unsettled conditions there, will reconsider this decision at its 25 January Geneva meeting. The Jewish voluntary aid agencies, which have borne this responsibility meanwhile, are requesting resumption of IRO financing and are strongly supported by the US but opposed by the British, who contend that conditions in Palestine remain too unsettled to justify a reversal of the present policy. A compromise proposal by the IRO Director General to authorize temporary resumption of payments within the limits of the Organization's budget may also be opposed by the UK. Support for the British position has been pledged by the Commonwealth representatives on the Executive Committee (Australia and Canada) while China and Belgium are expected to favor the compromise. Belgium, however, has indicated its belief that the IRO should institute additional controls over refugee movements to ensure that only eligible persons are repatriated with IRO funds and to avoid billing IRO for such movements after they have been completed. Final resolution of this, the most serious political issue which has confronted the IRO, may prove less difficult as official British agitation over Anglo-Israeli relations subsides and as Arab-Israeli truce talks progress. Re-establishment of reasonably settled conditions in Palestine will almost inevitably reduce UK opposition to renewed IRO activity in this field.

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USSR opposes WFTU dissolution as Western labor leaders walk out.

Despite a last-ditch Soviet effort to forestall it, dissolution of the World Federation of Trade Unions into its eastern and western components will be the practical effect of the decision of the Western trade unionists to walk out of the Paris meeting of the WFTU Executive Bureau. The British, US and Dutch labor organizations decided upon this move when it became apparent that the British proposal for suspension of the Federation for one year would be rejected by the Soviet labor bloc. Substantial Soviet concessions which might have been effective a few months ago (e.g., acceptance of further limitations on WFTU activities and admission of the anti-Communist Force Ouvriere) are almost certain to be refused by the now thoroughly disillusioned TUC and CIO. Further Soviet attempts to postpone the outcome by referring the TUC proposal to other WFTU bodies will be equally unsuccessful.

At a conference of the ERP Trade Union Advisory Committee in Bern immediately following the Paris meeting, TUC and CIO leaders, together with AFL representatives, are expected to begin consultations looking toward a new labor international which would eventually unite the non-Communist labor forces of approximately twenty countries embracing an estimated trade union membership of 25 millions. Whether such a federation will be established promptly or only after costly months of debate will depend largely on forthcoming conferences between TUC and AFL-CIO leaders concerning the terms of US labor representation. The TUC, while nominally committed to bringing the two US organizations into closer relationship, may be reluctant to hasten this development since

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British labor would exert proportionately greater influence while US labor remained divided.

With the failure of their efforts to salvage WFTU unity, the Soviet trade unions will probably reorganize the Federation on a more exclusively Communist basis and attempt to perpetuate the myth of world labor solidarity by associating with themselves fractional leftwing groups within the TUC, CIO and other Western labor organizations. The WFTU, retaining the support of dominant labor organizations in the remaining thirty-five to forty countries, would continue to be a potent instrument for the projection of Soviet propaganda and power in the non-Communist world.

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Satellites may withdraw from ILO. Recent indications that Poland and Czechoslovakia may shortly withdraw from the International Labor Organization probably reflect not only their own altered views toward the Organization but also Soviet determination to avoid letting the ILO, with eastern and western parts intact, survive the demise of the WFTU. The defection of Poland and Czechoslovakia, once staunch ILO supporters, was foreshadowed at the San Francisco Conference last summer when they attacked the allegedly undemocratic character of the ILO Constitution and charged that ILO structure failed to represent adequately "the new democracies." Pressure from the USSR may now hasten this withdrawal as Soviet tactics are revised to meet the new international labor situation. So long as the WFTU could be maintained undivided, the strategy of the Soviet labor bloc was to tolerate Satellite participation in the ILO, but at the same time to criticize it as an ineffective tripartite organization in which labor was inadequately represented and to stress the primacy of WFTU as the only authentic voice of world labor. Now, however, the USSR apparently sees the ILO left as the sole meeting ground of world labor and may be unwilling to sanction Satellite participation in an organization which it holds in contempt as "reformist dominated." The current visit of the ILO Director General to Poland and Czechoslovakia may delay, but is not likely to prevent, their exit from the Organization. Yugoslavia, the only other Satellite ILO member, has not attended recent conferences and has previously given notice of intention to withdraw.

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Further SC action on Indonesia. As UN consideration of the Indonesian imbroglio enters a new phase, the Security Council, having failed to halt Dutch "police action," will seek to compel the Netherlands to carry out its promises in the Linggadjati and Renville Agreements. Since restoration of the 18 December status quo, as desired by the Republic's Asiatic friends, is obviously impossible in the face of Dutch refusal to withdraw their forces, the Council, recognizing this fait accompli, will probably pass a resolution: (1) calling upon the Dutch to follow a close schedule (in accordance with its own announced timetable) for the formation of a federal Indonesian government and the transfer of Netherlands sovereignty to it; and (2) establishing an

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expanded UN committee with stronger powers to supervise this process. The final resolution, however, will be purposefully vague about gradual withdrawal of Netherlandstroops. The SC is under pressure to take some such further action because of both the threat of unilateral action by the Asiatic states convening at New Delhi and the resultant loss of UN prestige should the SC, seized of the question for many months, now act indecisively. Council members, except for the USSR, Ukraine, France and Argentina (which will probably abstain on any such resolution), have already expressed qualified acceptance of the US draft embodying these principles. In case of an unanticipated French veto on the grounds that the UN lacks competence to consider such an internal dispute, the question will probably be referred to the International Court of Justice for an advisory opinion.

Despite repeated statements that they will not comply with such a resolution, the Netherlands will probably not completely refuse to accept its terms. The Dutch are also highly unlikely to withdraw from the UN and their threats to do so are rather an attempt to discourage effective action. Should the Netherlands fail to comply, however, serious international repercussions might follow. The Asiatic nations might then claim that since the Dutch would not be bound by UN decisions, they, too, should be free to take unilateral action. Also the Republican UN delegation reportedly will seek freedom of action by asking the SC to drop the issue. Faced with these attitudes and with the improbability that a majority favoring stronger action can be obtained, the SC can merely await a softening of Dutch obstinacy resulting from eventual realization that economic attrition following upon continued guerrilla activity will seriously damage the Dutch exchequer.

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