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WESTERN EUROPE BRANCH
OFFICE OF REPORTS AND ESTIMATES
CENTRAL INTELLIGENCE AGENCY

WORKING PAPER

BRANCH WEEKLY

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WESTERN EUROPE BRANCH

WEEKLY SUMMARY

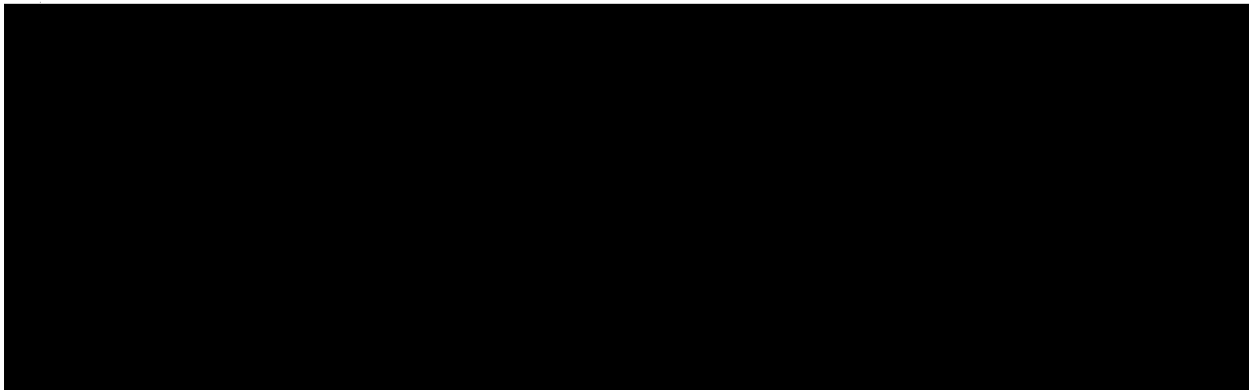
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For week ending
20 September 1949

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FRANCE

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The prospect for grave strike damage to the French economy in the next 60 days is diminishing. Both the non-Communist Force Ouvriere (FO) and the Communist-led General Labor Confederation (CGT) are developing strike plans cautiously, well aware that a repetition of the strike failures of 1947 and 1948 might destroy effective worker support for the cause of labor organization. On the basis of careful independent surveys still in progress, these two labor federations have tentatively decided that the workers are not ready to accept the sacrifices involved in sustained strikes.

The CGT, though convinced that the Government is incompetent and that a united labor front can be formed in the winter, is hesitant to take drastic action in the near future, especially because coal miner sentiment--vital for a major strike offensive--is presently undependable. Instead, the CGT will utilize its ablest organizers to direct agitation through October in key areas and industries.

The FO has found the workers antagonistic toward the Government, but also cynical toward the unions. With dues dropping off, FO leaders believe that they must either launch a risky nation-wide strike--which they believe would be well supported for a very limited period, such as 24 hours--or suffer a further decline of membership. Hoping to escape this dilemma, they have meanwhile approached the employers' association with proposals for joint action to appease labor. FO asks especially: (1) that the Government approve an immediate provisional increase in basic wages of at least 3,000 francs per month (which would amount to approximately 25% at the level of

- 2 -

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the present minimum wage); and (2) agreement by industry not to raise prices. The employers' association will probably not accept the FO's high terms for joint action, inasmuch as the threat of labor agitation is less this year than in 1947 and 1948.

A round of limited strikes, chiefly local, is however indicated for the next two months, in view both of the workers' acute dissatisfaction and the Government's growing fiscal difficulties, solidifying its opposition to labor's wage demands. A more dangerous labor offensive would be likely in December or January should the Government continue to lose prestige, especially in respect to its wage-price program, and, as now seems probable, real wages continue their decline into 1950.

B The reported Cominform directive to the French Communist Party permitting greater latitude to leaders of the General Labor Confederation (CGT) in planning offensives may offset recent developments adverse to the CGT. The new rightist-led General Confederation of Independent Unions (CGSI) is attempting to pirate members from the CGT, and may have some success. Furthermore, there are reports of growing Titoism among the workers. Yugoslav workers particularly are quitting the CGT and forming separate organizations. The authority of CGT leaders to determine the scope and timing of strike campaigns may enable them to counter the effects of labor's dissatisfaction with previous CGT subservience to Kremlin-inspired directives.

B French Government maneuvers for meeting France's grain shortage of 1949-50 will probably not have over-all success. The Government consistently declines to admit the need for substantial grain imports; instead it has revised upward wheat production estimates; it has reportedly turned down an offer of 300,000 tons of wheat from Argentina; and it has reduced the percentage of rye in bread flour. ECA, nevertheless, has estimated that France will need in 1949-50 approximately 1 million tons of imported breadgrains (equal to 13% of production) and 2.5 million tons of additional feedgrains (7% of production).

- 3 -

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The Government's attitude is probably intended: (1) to justify the fixed wheat price and convince the Wheat Producers Association that the crop is too large for the Association to control in opposition to the Government's price policy; (2) to encourage collections by creating a psychological climate of abundance; and (3) to avoid the political disadvantage of introducing the problem of a grain shortage into parliamentary discussion in the coming two months which will be politically critical.

The shortage of feedgrains may be somewhat alleviated by the decision of the Government to halve the amount of rye used in bread flour, effective 1 October. Aside from having a beneficial political effect by improving the quality of bread, this measure also will curb somewhat the incipient tendency to slaughter livestock, farmers preferring to fatten their cattle on the increased supply of feed-grain. As a net result, however, the Government's measures will probably not avert continued farm demands for higher prices, considerable hoarding, and some feeding of wheat to livestock.

FRENCH AND SPANISH NORTH AND WEST AFRICA

C Persistent attempts to dislodge General Juin, key French political and military figure in Africa, from his position as Resident General of French Morocco are likely to be ineffective because of French Government's reluctance to displace him until a suitable Socialist civilian replacement can be found. The strong Socialist faction within the Government, having succeeded in placing civilians of its party in three of the four top French posts in Africa--those of Resident General of Tunisia and Governors General of Algeria and French West Africa--undoubtedly would like to capture the fourth, and dominant, position held by Juin. But lacking a likely candidate of their own, they will not contribute to the pressure against Juin being exerted by other political parties, which believe they have qualified men for this important and desirable post.

- 4 -

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THE NETHERLANDS

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It is probable that the views of the more conciliatory Dutch officials, who realize that the Hague Conference affords the last opportunity for the Netherlands to maintain some influence in Indonesia, will prevail during the next few weeks over those who feel that the Dutch demands must be upheld. If substantial progress is made in the negotiations during the next week, with the Indonesians meeting the Dutch part way, the conciliatory group will be able to continue its dominance of the Dutch delegation.

Some progress has been made in reconciling Dutch and Indonesian views on the important Netherlands-Indonesian Union statute, but the most difficult phase of negotiations is expected to arise when the economic and financial agreement is discussed at a high level. The Indonesians seem inclined to accept partially the Dutch views for a permanent council of Union Ministers and a Union Court as a part of the Netherlands-Indonesian Union. If a compromise on the Union is reached, it is evident that then the Netherlands will have to modify its rather extensive economic and financial demands in order to obtain a complete settlement of Dutch-Indonesian differences.

ITALY

C

Prospects for the De Gasperi administration in the general municipal elections and in regional elections, both scheduled for 1950, would be materially improved if there should be a continuation of the voting trend revealed in the 1949 municipal elections. A comparison of the results of the 1946 and 1949 municipal elections for 116 communes throughout Italy during the first half of this year shows a general trend away from the Left. The parties of the Government and those of a rightist orientation increased their representation in the municipal councils by one-third, whereas Communist and left-Socialist membership declined by one-half. In about a quarter of the communes the extreme left lost the majority it had won in the 1946 elections, and in only three communes was it able to become a new majority.

- 5 -

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Since the 116 communes comprise less than 2% of the nation's total and include none of the larger cities--traditional centers of leftist strength--it would be incorrect to draw conclusions as to support for the national policies of the Government parties. There is, however, some increase in the willingness of voters to accept members of the Government parties as leaders in local affairs.

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