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WESTERN EUROPE DIVISION  
OFFICE OF REPORTS AND ESTIMATES  
CENTRAL INTELLIGENCE AGENCY

WORKING PAPER

DIVISION WEEKLY

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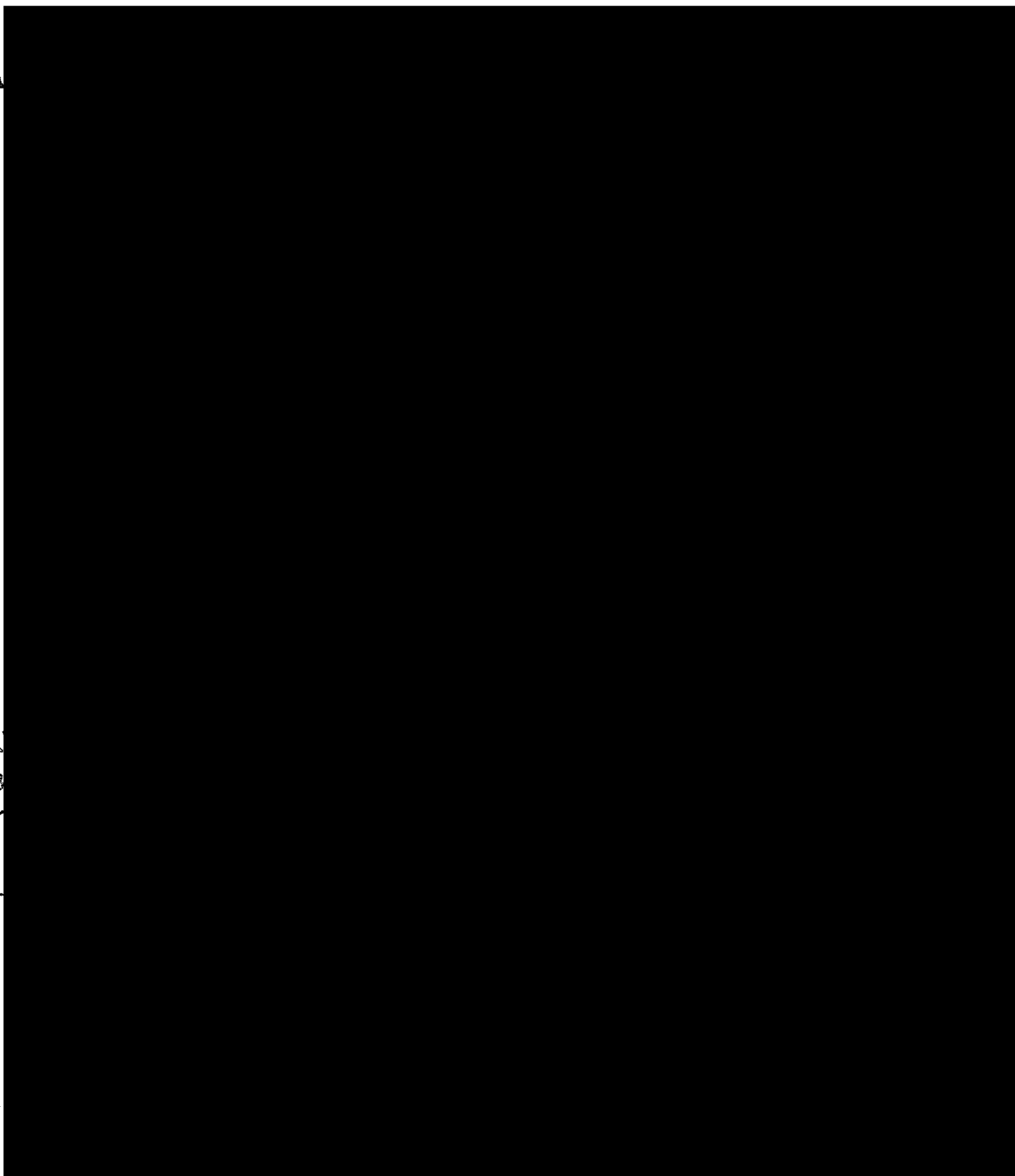
WESTERN EUROPE DIVISION

WEEKLY SUMMARY

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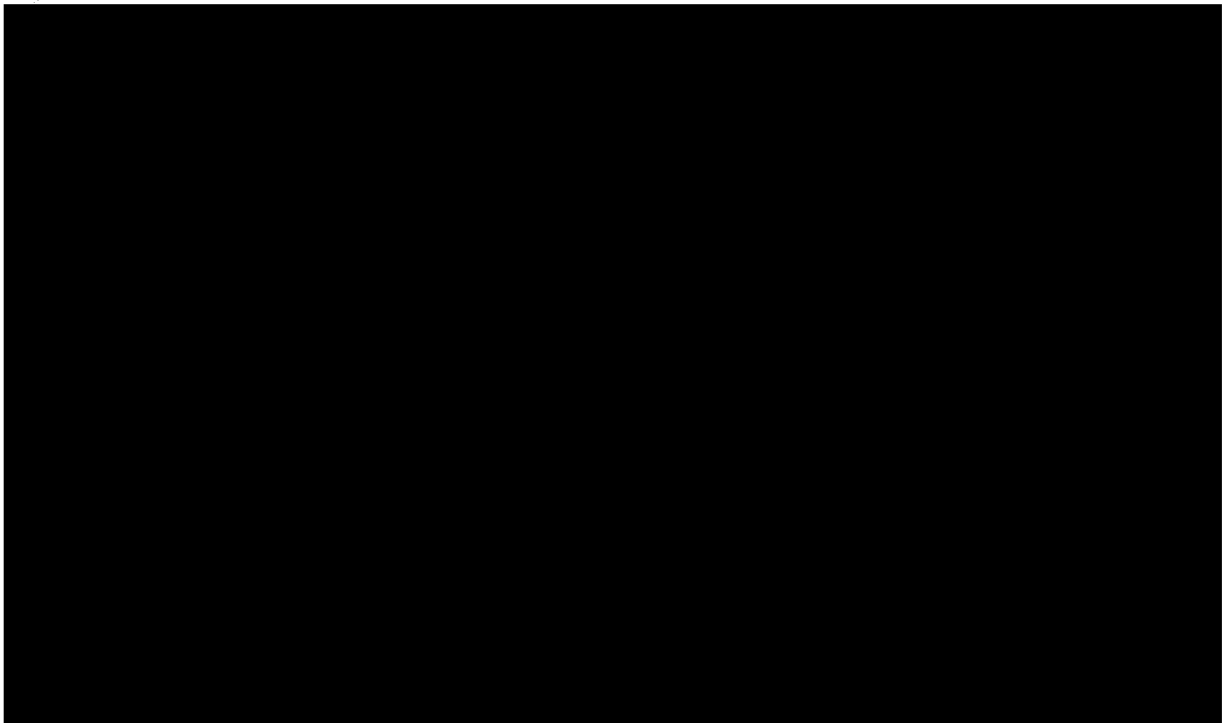
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AUSTRIA

B The Union of Independents, Austria's new political group, cannot be categorically defined as an extreme rightist organization. In Austria's recent national elections, the Union, by frankly appealing to the recently enfranchised ex-Nazis, received over half of their votes, but its support by other elements as well discounts its role as a purely rightist group. The Union's future policies must take into consideration the sentiments of its followers among anti-clerical farmers, lower middle-class groups, and certain segments of labor.

The Union's platform was specifically directed at middle-of-the-road groups who were discontented with the policies of the coalition Government. Having had nothing to do with this Government, the Union exploited the unpopularity of governmental patronage, corruption, a burdensome civil service system, and the wage-price agreement of last May. Championing the cause of governmental clean-up and posing as the watch-dog of group interests neglected by the coalition, the Union appears likely to take a more liberal attitude than its pre-election critics anticipated. While it will probably adopt a "rightist" stand with respect to most economic problems, the Union's varied support and announced platform point to a "leftist" position on social legislation and cultural matters.

S E C R E T

Of particular interest in assessing the Union's future political role is its more recent showing in the elections for the Chamber of Labor and the Works Councils. In these, incomplete returns reveal more clearly the Union's support among some labor groups. The Socialist Party has retained its generally strong position without difficulty, but in three western provinces the Union outstripped the People's Party in the Chamber of Labor elections. In the Works Council elections, the fact that the Union is obtaining some seats at all indicates a labor following.

Kraus, leader of the Union, has announced that its 16 members in parliament will vote en bloc after deciding their position by a two-thirds majority. There are obvious political advantages in doing this. At the same time, the Union lacks a solid party organization and the individual members in parliament may prove more representative of their provincial constituents than those of other Austrian parties. This situation is likely to prevent a consistently rightist policy.

## FRANCE

B

General de Gaulle's inability to capitalize on the recent Government crisis makes clear that his influence upon the political situation has declined in 1949 and is not likely to regain critical importance unless the Communists should again threaten economic progress or political stability. His Rally of the French People (RPF) probably reached peaks of strength in the municipal elections of October 1947 and the Council of the Republic (Senate) elections of November 1948. In the local cantonal elections of March 1949, however, after the Communist-inspired strikes of both 1947 and 1948 had been broken, the RPF's share of the popular vote dropped to about 25%, from a maximum of about 39% in the municipal elections of 1947. This October when the Communist strike plans failed to develop and the middle-of-the-road Third Force coalition which De Gaulle challenges reached its weakest point, the RPF was unable to increase its popular appeal.

Four special municipal elections held in France on 16 October, furthermore, resulted in losses for Gaullists as well as Communists, while the Socialists and Moderate Right gained. Two of these elections were held in the Paris suburbs of Pantin and Sceaux, one at Rouen, and one in the small town of Saint-Chaumas. The Socialists, Radical Socialists (Moderates), and Independents gained from one to four councillors in all four municipalities, while the RPF lost more seats than the Communists.

S E C R E T

B Formation of a Dollar Export Board, soon to be announced in France, is an effort to take advantage of the promotional opportunities afforded by devaluation, and hence eventually to contribute to a reduction of France's critical dollar trade deficit. Although the trade deficit with the dollar area as a whole increased only 11% over 1948 in the first seven months of 1949 (from \$39.9 to 49.5 million), the meager exports to the US--the greatest potential dollar market--declined over 15% in the same period (\$5.2 to 4.4 million).

George Villiers, head of the Association of French Employers (CNPF), who will be President of the new Board, has outlined a plan for promoting exports to the dollar area. A small group of top US buyers representing important merchandising interests would meet with representatives of appropriate manufacturing interests in France. The US group would be in a position to specify items which might be purchased in large lots, and the French would indicate present availabilities and probable prices. The French could then get together under Villiers' guidance and arrange production specialization necessary for the desired volume. Villiers hopes that those French prices which may be found too high can be reduced by large-scale production and increased efficiency. Villiers' plan, however, is at best a long-range one and will furthermore be hampered during the coming twelve months by the prospective decline of French investment in capital goods and the slowing up of production gains, partly as a result of the substantial cut in ECA aid.

## FRENCH AND SPANISH NORTH AND WEST AFRICA

B A novel form of Communist operation in French overseas territories is now in evidence. Presumably in order to hasten rapprochement between the intractable nationalists and the local Communist Parties, several Communist members of the Assembly of the French Union have just gone into action in North and West Africa. They are propagating the thesis that, jointly, nationalists and Communists can better combat the approaching "menace" of US economic penetration (which invariably leads to political hegemony) of French overseas territories by means of the "insidious" Point Four Program. Benefitting by parliamentary immunity and travelling at government expense, these envoys of subversion enjoy considerable prestige and freedom of movement. Their position will add weight to their disruptive views, effectively convincing certain nationalist elements, infusing new life into the more listless members of local Communist Parties, and distorting the motives of the Point Four Program.

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## BELGIUM

A The rather unstable Catholic-Liberal coalition in Belgium probably will not fall in the near future despite differences over social and economic policies and the royal question. The reconvened Parliament gave a vote of confidence to the Government's financial policy, indicating that the Catholics probably will accept Liberal economic plans in exchange for Liberal support of a "popular consultation" on King Leopold. The Catholic members of the Senate, supported by most of the Liberal Senators, passed a bill providing for a "popular consultation", although a few Liberal members joined with the Socialist and Communist members to dissent. Passage of the bill by the Chamber of Deputies is also likely, although opposition by Liberal, Socialist and Communist Party members will be stronger. Liberal support for Leopold's return, after the results of the "popular consultation" are known, may not be forthcoming, however, unless he receives at least a majority vote in Flanders, Wallonia and Brussels. In any event, controversy over the royal question will provoke the most serious test to date of the stability of the Government, will delay decisions on important economic problems, and may solidify the position of the Socialists as a strong opposition force.

## ITALY

B The withdrawal of the moderate Socialists from the Government is a result of increasing pressure from the left-wing faction of the Party. Presumably, Saragat and the other moderate Socialist Ministers quit the Cabinet in order to regain lost prestige in the Party and consolidate their position before the Socialist unification congress, scheduled for December. The right-wing group, probably in order not to be voted out of party control, has decided not to attend this congress, but will hold a separate one of its own.

Although the (right-wing) Saragat group emerged victorious from the last Party convention, in May, the growing strength of the left-wing, which favored departure of the Socialists from the Government, had been indicated as follows: (1) a leader of the left-wing faction was elected head of the moderate Socialist parliamentary group (and received a supporting vote from moderate Socialist Minister Tremelloni). (2) Saragat's insistence on the desirability of postponing the congress for amalgamation of non-Communist trade unions suggested eagerness to find favor with the left-wing group. The latter are anxious to put off amalgamation until the strength of the moderate leftist labor federation approximates that of the Christian Democrat sponsored federation. (3) Certain leaders

of the right-wing faction had been attempting to postpone the Socialist unification congress, presumably in fear of defeat by the left-wingers.

Should a new split among the Socialists result from the two congresses, Saragat's group would probably seek to return to the Government as representatives of the small remaining rightist faction.

B Growing opposition will probably prevent unification in Italy of the non-Communist labor forces this year, even if the unification congress scheduled for 3 November is held. This congress is sponsored by the Christian Democrat-sponsored Free General Confederation of Workers (LCGIL) and the heads of the moderate Socialist-Republican Italian Federation of Labor (FIL). In recent weeks, increasing opposition to early unification has been shown by the following groups: (1) certain prominent moderate Socialist political and labor leaders and, presumably, their followers; (2) the majority of the leaders of the Republican Party; and (3) various leaders of the independent unions outside the Communist-dominated General Labor Confederation (CGIL).

The opposition of the first two groups is based primarily on the recognition that a merger of the LCGIL and the FIL at their present membership levels (LCGIL is approximately three times the size of the FIL with its 400-500,000 members) would mean a complete absorption of the smaller organizations. The leaders of the independent unions, whose total membership is at least as large as that of the FIL, distrust the political affiliations of the heads of both these organizations. The independents insist that their autonomous unions should initiate and direct labor unification because they are not handicapped by political ties, and are concerned solely with trade union problems.

Postponement of unification would assure fuller exploitation of membership potentialities by both the LCGIL and the FIL. The latter's appeal to non-Communist elements who are now or were formerly in the CGIL and to unorganized workers who find either Communist or Catholic domination unpalatable would then be increased. As a result, the FIL might participate more effectively at a later date in the formation of an organization strong enough to break the Communist hold on the Italian labor movement. Besides, more time is required to secure the collaboration of the important independent unions in any new labor organization.



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THE VATICAN

B The Vatican can be expected to avoid approving or associating itself with retreats by local hierarchies in the Satellite countries such as that recently staged by the Czech Bishops, who decided to permit the local clergy to swear loyalty to the Czech State and to accept Government salaries. The Vatican's desire to dissociate itself from the loss of prestige attendant on the yielding of the Bishops to State pressure is suggested by the fact that the directive from "Church authorities" authorizing the Bishops to take this step was unsigned. Meanwhile, the Vatican is presumably lending its approval to unofficial Church statements minimizing the seriousness of the Czech Bishops' action and interpreting it as a compromise on "superficial political" matters only, intended to save the 7,000 members of the Czech clergy from persecution. By means of direct communication with the people of Czechoslovakia, the Vatican seeks to keep alive the loyalty of Czech Catholics, whatever the status of the local clergy. Since publication of the Bishop's decision, the Vatican radio has been urging Czech Catholics that it is possible for them to preserve their faith for a long time, "even without priests."