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WESTERN EUROPE DIVISION
OFFICE OF REPORTS AND ESTIMATES
CENTRAL INTELLIGENCE AGENCY

DIVISION WEEKLY

VOL. VI - No. 19

For week ending 16 May 1950

17 May 1950

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DOCUMENT NO. 7
NO CHANGE IN CLASS.
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CLASS. CHANGED TO: TS S C
NEXT REVIEW DATE: _____
AUTH: HF 70-2
DATE 10-29-79 REVIEWER: 372044

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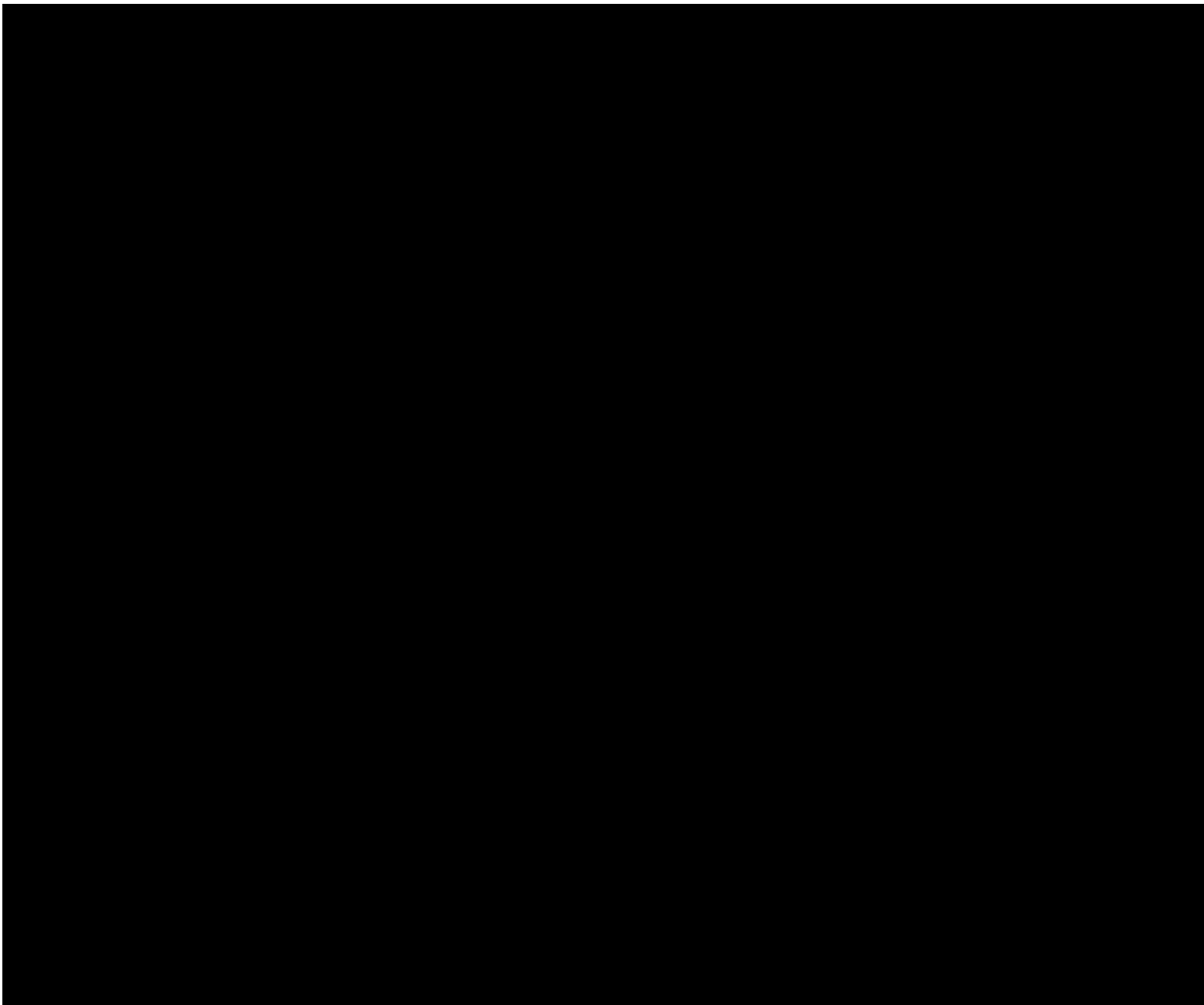
WESTERN EUROPE DIVISION

WEEKLY SUMMARY

VOL. VI - No. 19

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AUSTRIA

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Austria's trade with Soviet-controlled areas will probably be increasingly influenced by a few Soviet-front import-export firms in Austria, primarily Intrac. This East-West trading firm has achieved notable success in obtaining a near monopolistic position in Austrian trade with the

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Satellite area, and more recently, has extended its sphere to include East German trade as well. The lack of an official trade agreement between the Austrian Government and the German Democratic Republic has facilitated a centralization of goods exchange through Intrac in Austria and the East German trading agency, DAHA. The success of Intrac, like that of less influential Soviet-front import-export firms in Austria, is due not only to its position as a "chosen instrument" selected by the USSR for East-West trade, but also to the fact that Austrian agencies and firms, including subsidiaries of Austria's most powerful banks, are willing to deal with Intrac in order to obtain easy profits.

SWITZERLAND

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Switzerland is unlikely to seek closer political or military ties with western Europe despite its fundamental sympathy for, and orientation toward, the West. There is a growing feeling in Switzerland that war is probable, although not imminent, and the Swiss appear to be increasingly wedded to their concept of armed neutrality as providing the best chance to avoid an attack in case of war. Although there has been some Swiss criticism of this policy as unrealistic, in general the theory of neutrality is deeply embedded in the Swiss who are, furthermore, disappointed by the half-hearted attempts at integration of other European countries. Switzerland also sees the military weakness of western Europe in comparison with the Soviet bloc.

The Swiss are, therefore, seriously preparing their country for the contingency of war, and at the same time reaffirming their neutral position. Over the past six months, security measures have been tightened and observers have found a growing difficulty in obtaining even limited economic data. Public political statements have been generally restrained, with definite pro-Western sentiments omitted, in contrast to the statements of a year ago. In addition to the stockpiling of essential foodstuffs and raw materials by some importers and dealers, which has been obligatory for the past two years, the Government has recently announced a campaign for voluntary household foodstuffs reserves. The Swiss have also unofficially sounded out US representatives in Switzerland on the possibility of Swiss-US financial transactions in the event of war.

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FRANCE

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The slight trend toward neutrality in French intellectual and political circles which has reflected itself in the French press and in the statements of a few political leaders, is not likely to reach a stage in the near future, where it would seriously endanger US objectives in western Europe.

The neutrality undercurrent is basically psychological and stems partly from postwar apathy, the fear of another war, and some resentment towards US influence in France. A series of articles expounding the relative merits of neutrality have appeared in the conservative Paris daily, Le Monde, a paper which has been increasingly anti-US in its comment. It is probable that some of these articles reflect the strong anti-war sentiment of Catholic elements in France.

In addition to the attitude of the press, spokesmen for both the Socialists and Gaullists have indicated similar views, questioning the advisability of further commitments in the cold war, and emphasizing the possible threat to French political and economic independence. The Socialists have strongly opposed the recent French proposal for the creation of a new international body to coordinate the policies of western Europe.

This mixture of neutrality sentiment and resentment of US influence in French internal affairs will be exploited by the Communists, who thus acquire additional and valuable propaganda for their peace campaign. The Party may broaden its campaign and appeal to all those in favor of neutrality, including the Catholic elements which have pacific tendencies. At the present time, however, there is no indication that this trend towards neutrality will cause a change in the foreign policy of the Bidault Government.

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In an effort to offset France's failure to earn sufficient dollars through exports, the French Government is instituting a broad program for the expansion of the tourist industry, with special emphasis on attractions for US tourists. In this way, the French hope by 1952-53 to gross as many dollars through tourism as through exports. Probably Government funds to the value of more than \$5½ million will be devoted in 1950 to the expansion effort, which is apt to have considerable success. Not only is the Government involved in the project, but private business is also taking an active part. The principal point of focus for public invest-

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ment will be the building, rebuilding, and renovating of hotels and "logis" (small tourist accommodations which must come up to Government specifications).

As a result of the ambitious program, the French look forward to a 200% increase in annual gross income from tourism--from the franc equivalents of an estimated \$137 million in 1949 to \$400 million in 1952-53. The plan, which calls for half of this increase to be in dollars, may be over-optimistic, as it would necessitate a rise in gross dollar receipts of over 300%.

ITALY

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Persistent opposition by conservative Italian groups, spearheaded by Christian Democratic right-wingers, to the Government's proposal for nation-wide agrarian reform will delay Parliamentary action on this important problem, and even when legislation is passed, may obstruct implementation of the reform program.

Right-wing Christian Democrats under De Martino, strongly supported by south Italian landowners, are renewing their efforts to sidetrack the far-reaching Segni bill for general land reform by pushing a plan which emphasizes reclamation of uncultivated land rather than redistribution of cultivated land. Despite the sharpness of the current struggle over the issue within the Christian Democratic Party, it is likely that Parliamentary approval will be obtained for the Segni bill, which is supported by the center and left of the Party, including the militant Dossetti reformists, and by the moderate leftist parties. Once this measure is enacted into law, however, conservative groups, who regard it as a threat to their vested property rights, and who exert an influence disproportionate to their numbers, may be expected to hinder large-scale land redistribution by financial pressure, obstruction of court procedure, bribery and even intimidation of the commissions charged with carrying out the provisions of the law.

Agrarian unrest may be expected to continue, during protracted Parliamentary discussion of the Segni bill. Moreover, any substantial modification of the bill's present provisions might cause the Republicans and moderate Socialists to leave the coalition Government, which would thus suffer the loss of an important segment of its broad political base. Should obstructive tactics of the bill's opponents succeed in blocking its full implementation after it has become law, the

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Communists would be quick to exploit the resultant sharp increase in discontent among the landless peasants, and would be in a better position to discredit the Government.

THE VATICAN

B The potentialities of "Catholic" Communist groups as a Soviet weapon is a subject of increasing concern to the Vatican. In eastern Europe, particularly, there have long been indications that the USSR intends to eliminate the Vatican's influence and to transform the Roman Catholic Churches into front organizations. Vatican fears in this connection are well based in view of Soviet successes in subordinating the Eastern Orthodox Church to the Communist Governments of eastern Europe.

Currently, the Vatican is faced with the problem of defection by Roman Catholic groups in the Satellite countries, where government pressure on the local Roman Catholics, both laymen and clergy, to form national (pseudo-Catholic) churches has recently been intensified. The Vatican fears the existence of such defection in Czechoslovakia, where "Catholic" Communist organizations periodically meet and announce additional membership. In Hungary some priests have already succumbed to Government pressure.

Progress in the anti-Vatican campaign has been rapid in Rumania. Late in April a pseudo-Catholic Action Committee, allegedly comprising 120 Roman Catholic clergy and laymen, passed a resolution expressing the desire that the Roman Catholic Church be "integrated" with the Rumanian system of Government. On 3 May the Holy Office announced the excommunication of the head of this Committee, a Rumanian Archpriest named Agotha, charging him with having "abetted a Communist-inspired split in his country with the mother church".

Probably the most surprising blow sustained by the Vatican in connection with the Communist policy of establishing national churches isolated from the Holy See was the recent Church-State agreement in Poland, where the hierarchy had previously been considered by the Vatican as a last bastion of Roman Catholicism in eastern Europe. Although the Polish hierarchy's capitulation was partly due to Communist pressure, questions involving national interest, such as the bishoprics of the Polish Administrative Zone (formerly German territory), undoubtedly influenced the Polish Bishops to compromise with the Government. This problem of national interests will continue to be a particularly formidable obstacle for the Vatican in its struggle to prevent the development of national

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"Catholic" Communist organizations.

In addition to the situation in eastern Europe, the Vatican is further plagued by sporadic indications that "Catholic" Communists are active in western Europe, where the effects of the excommunication decree of June 1949 have been disappointing to the Holy See. Furthermore, "Catholic Communists are said to be infiltrating into Latin America, possibly with the connivance of authorities in eastern Europe.