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For week ending 18 July 1950

19 July 1950

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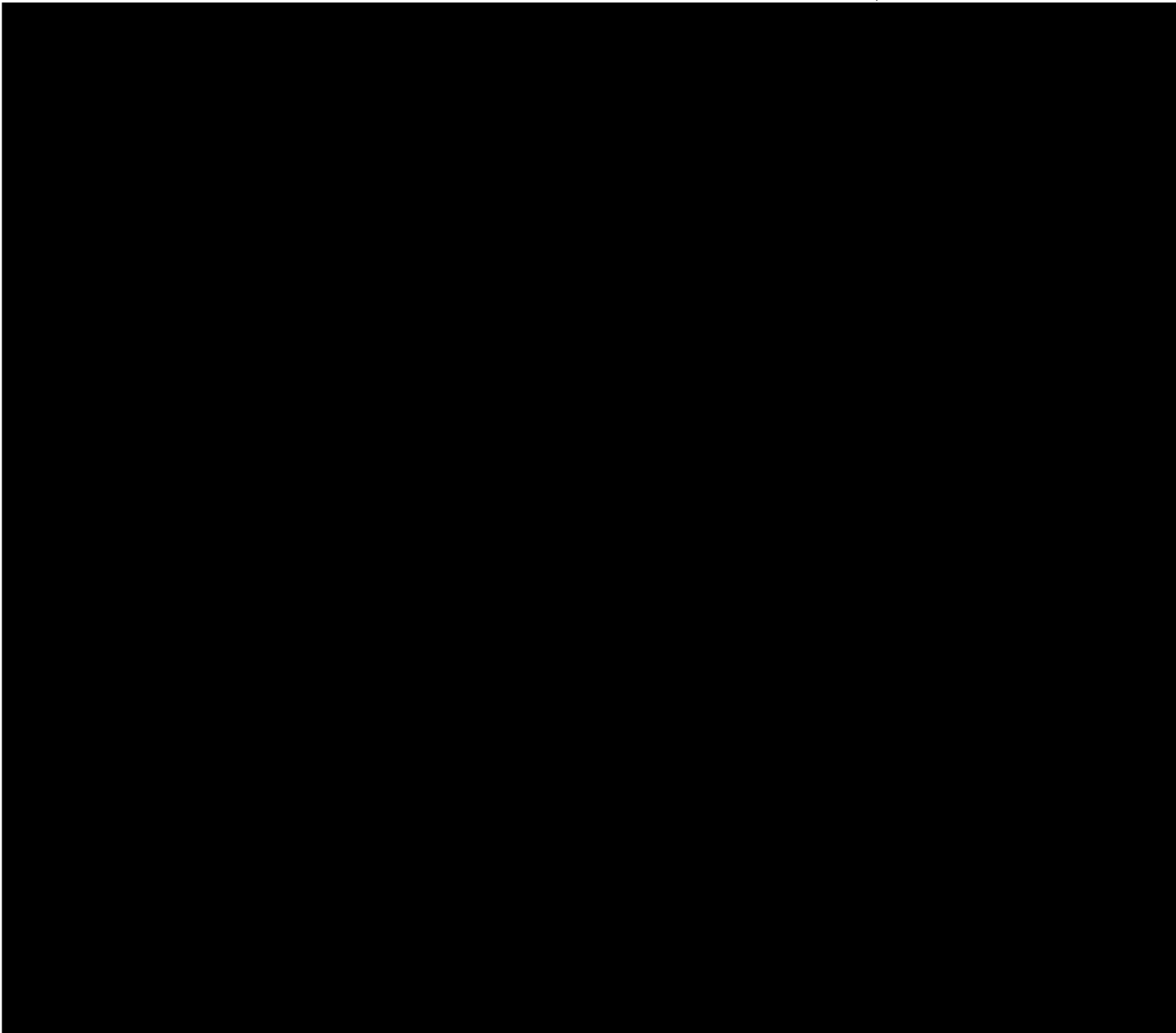
WESTERN EUROPE DIVISION

WEEKLY SUMMARY

VOL. VII - No. 3

25X6A

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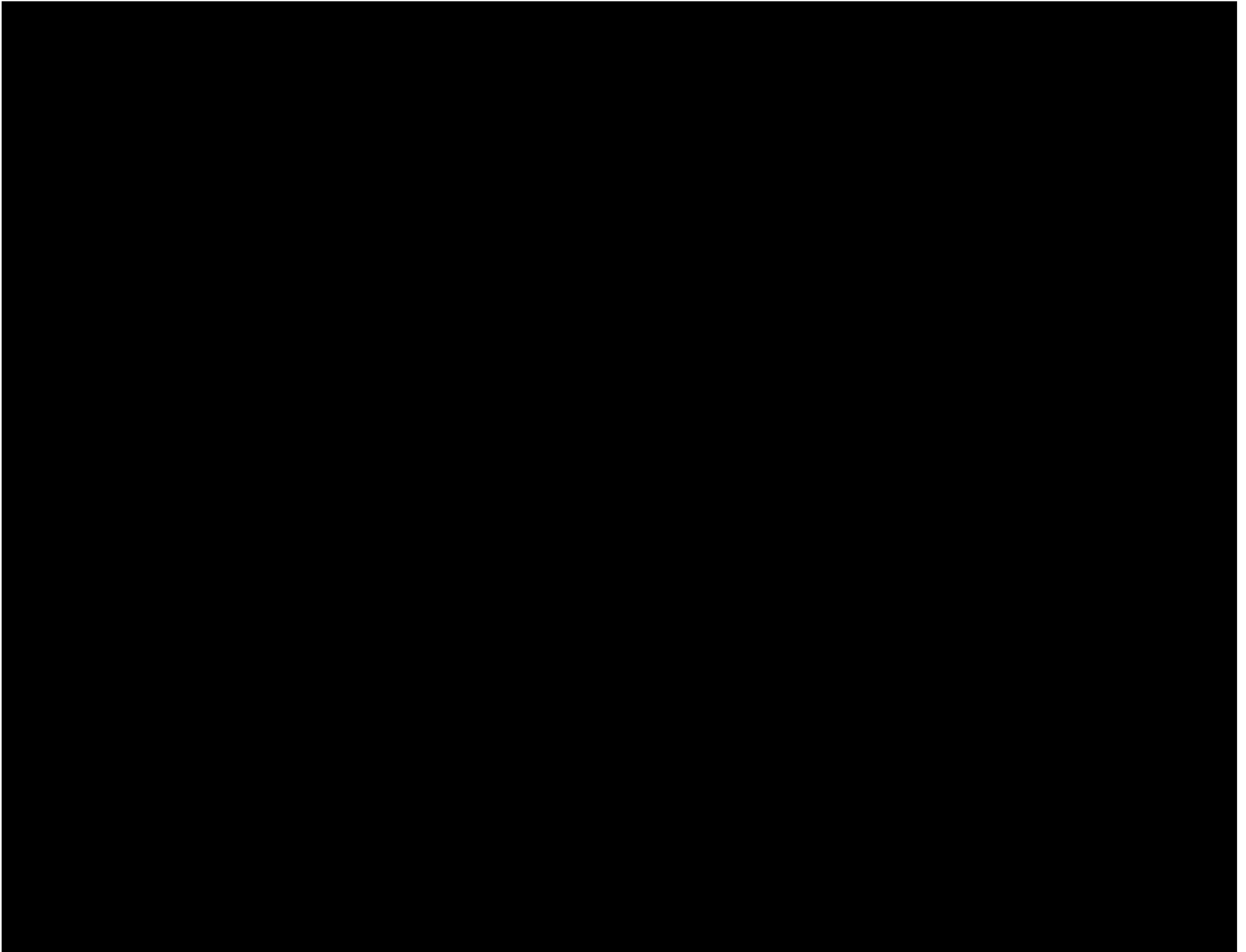
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AUSTRIA

B

The Union of Independents (VDU), a newcomer to the Austrian political scene when it captured 16 parliamentary seats last Fall, is at a cross-roads of its career. An order from the Ministry of Interior has dissolved the organization in the province of Styria on charges of wearing uniforms and inciting the public (to pan-Germanism). This order has been seized upon by the national executive of the VDU as an opportunity to suspend the Styrian leaders, who constituted the chief threat to the national leadership represented by Kraus, the founder of the Party. Their suspension permits Kraus to strengthen his

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own position and rid the Party of its most neo-Nazi element. It also whittles down the size of the VDU still further, but leaves the organization with a stronger national leadership and a more harmonious membership.

Shortly after the elections last Fall, the seams began to open in the VDU, which was conceived as a catch-all for dissident groups, including newly enfranchised ex-Nazis and Volksdeutsche, anti-clerical farmers, and dissatisfied members of the People's Party and Socialist Party. Differences of opinion between rightist and moderate wings caused numerous resignations and a loss of VDU influence among independent labor voters. The ousted leader of a small VDU group, suspected of collaboration with the Soviet element, later created a new political organization preaching neutrality and belittling the dangers of the Communist Party. More recently, the VDU has suffered by its inability to keep an active organization in the Soviet Zone, where it has lost members to another small Soviet-sponsored rightist group.

The suspected desire of Kraus to align the remaining VDU more closely with the People's Party (the major party in Austria's two-party coalition Government) may be increased if the VDU cannot control its members in Parliament. One of the peculiarities of Austrian politics is that upon election, members of parliament send their party directorates undated letters of resignation. This custom in effect assigns the legislative seat to the party, not the individual, and results in unusually strong party discipline of members. Earlier this year, however, one of the renegade VDU representatives challenged the legality of this system, and though no conclusion has been reached in the matter, it appears that the VDU may not be able to check independent voting.

Although the VDU may cleanse itself of its more Nazi elements and attempt to draw closer to the People's Party, there are no indications that the People's Party would choose to substitute the VDU for the Socialists in the national coalition. The VDU, for one thing, cannot bring to the coalition control over an important segment of the population, such as the Socialists maintain over the great majority of Austrian trade union members. The People's Party, however, will probably continue to cooperate with the VDU on the local level, and use the VDU as an indirect lever to gain concessions from the Socialists.

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FRANCE

A

Preparations for widespread direct action this coming fall by the French Communist Party (PCF) will probably be stepped up as a result of the international crisis. During the remainder of the summer the Party will probably concentrate on training militant cadres for the purpose of engaging in mass action.

Since the commencement of hostilities in Korea, there have been reports that the Cominform has told French Communist leaders that in the immediate future there will be no change in the Party line, but that all efforts must be devoted to intensifying the peace campaign. Although there are no indications that direct action is presently contemplated, the PCF apparently intends to stage widespread demonstrations and riots and to engage in sabotage attempts next fall. Earlier action would be taken upon Cominform orders if the international situation deteriorated appreciably. Paramilitary forces (the ETPF) are presumably alerted now, and special mobile commando squads are currently being trained for the purpose of inciting riots and neutralizing local French administrative agencies. Meanwhile, PCF militants will probably also attempt to undermine French security forces, both morally and physically, by increased penetration of these organizations.

At the present time, French military and security forces are probably capable of suppressing an attempted coup by the PCF. The fear of retaliatory steps by the Government probably diminishes the possibility of any direct action now unless Cominform orders change. Should, however, the USSR move against western Europe, the Party would be capable of immediate action and could cause widespread riots and sabotage, especially if France were in a state of confusion as a result of the Soviet move.

B

The investiture statement of Premier Rene Pleven re-affirming France's intention to make the independence within the French Union of the three associated states of Indochina a reality may have some favorable effect upon Vietnamese public opinion, which is skeptical of French good faith in regard to the 8 March Accords. Furthermore, a Ministry of Associated States has been established in the Pleven cabinet to handle the affairs of the three Indochinese states, thus lending more prestige and importance to their international relations.

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Pleven further acknowledged that the possession of armed forces is one of the essential attributes of sovereignty and reiterated France's resolve to establish armies of the three states. This is one of the most definite public statements yet made by a high-ranking French official concerning the future evolution of Vietnam, Cambodia, and Laos. In view of the fact that Pleven's investiture speech set forth the policies of the Government, his approval by the Assembly may be considered an implicit parliamentary acceptance of the proposals.

#### ITALY

A

Its attitude thus far on Korea suggests that the Italian Communist Party (PCI) hopes to profit considerably from any peace offer the USSR might make, particularly if such an offer were made while US and UN military fortunes in Korea are at a low ebb.

In the course of the Chamber of Deputies debate on Korea on 7 July, PCI leader Togliatti delivered a lengthy appeal for peace in a speech that appeared moderate and "well-documented", and which was widely disseminated in the Left press. Although alleging US imperialist aggression against North Korea, he glossed over the idea, previously advanced by other Communists and fellow-traveling Left Socialists, that South Korea had attacked North Korea. (This legend had been poorly received even among the far Left.) Togliatti also averred that Korean developments were not to be feared as the beginning of World War III. In so stating he reversed Nenni (leader of the fellow-traveling Italian Socialist Party) and other far leftists who saw "the bombs dropped on Korea as the first of World War III". Togliatti stressed that a general war has not begun, because "a great power, a peaceful power, the Soviet Union, never makes war unless it is attacked". He concluded by proclaiming the need for a new alignment of the Italian Government, even though it remain bourgeois, to preserve peace, and declared, "our only wish is that peace in Italy is saved."

The immediate aims of this "moderate" line are probably to counteract growing political demands from the Right that Communist activity and the Communist press be curtailed, or even that the Party be outlawed. It is also designed to regain some of the ground lost by the Communist "peace campaign" because of the immediate popular reaction against the aggressive acts of Communist-dominated North Korea.

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In a larger sense, however, the line might also be contemplated to take advantage of any efforts at a compromise settlement the USSR might make, particularly while North Korea retains the military initiative. With Korea standing as an immediate example of what might happen in western Europe, an offer of a settlement by the Kremlin would be viewed with great emotional relief by the masses of apprehensive and war-weary people in Italy. In this respect, the Communists have been unwittingly aided by Western propaganda, which has given the people the impression that the USSR holds the key to peace or war. This thesis would assist the Kremlin to pose as the great savior of peace along the lines developed by Togliatti.

At the same time US military prestige has suffered considerably in the eyes of the average Italian, peculiarly sensitive as he is to power alignments, but unacquainted with logistical problems. A compromise offer by Moscow would place the Italian Communists in a position to profit whichever way the US would react. On the one hand, acceptance by the US of the offer would leave US prestige at a low level, and cause an Italian reaction against the NATO, while a rejection by the US of a "reasonable" offer would still further lower the Italian will to resist in the event of war.



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SPECIAL ARTICLE

EFFECTS ON ITALY OF A SOVIET-SPONSORED INVASION  
OF YUGOSLAVIA

A

A Soviet-sponsored invasion of Yugoslavia would probably create in Italy serious and immediate repercussions arising from the fear of an imminent attack upon Italy itself. Such an invasion would probably be interpreted in Italy as the beginning of World War III, particularly in view of Secretary Acheson's recent warning to the USSR against further military moves by the Communist world.

The Italian Communists might first deliver a quick ultimatum to the Government in an effort to achieve a "bloodless" coup, demanding the renunciation of the Atlantic Pact and the formation of a "Popular" government which would include the Communists and the left Socialists. Such an ultimatum, would probably be rejected by Premier De Gasperi. The Italian Communists would then be very apt to seize the opportunity created by the general confusion to take over various industrial facilities in the north, where the Communists are in considerable strength; they would also probably succeed in cutting rail and other communications between the north of Italy and the rest of the peninsula.

Communist paramilitary units would be able for several weeks to control or disrupt movements of personnel and supplies in the strategic north-central regions of Liguria and Emilia-Romagna. Under the circumstances of war anxiety, the Government, mainly preoccupied with mobilization and the establishment of defense lines and troop concentrations in the northeast, would be unable to prevent numerous acts of sabotage and violent demonstrations throughout Italy.

Furthermore, both the Government and the military, conscious of Italy's poor military capabilities and recently impressed by Communist successes against US forces in Korea, would be disposed to demoralization at the prospect of facing even Satellite troops backed by formidable Soviet support. The Government would immediately call for considerable US military aid. If such aid were not promptly extended or were considered as "too little and too late", various sectors of the population and political parties of both the Right and Left would loudly demand an official pronouncement of neutrality--in

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effect an abandonment of Italian membership in the NATO. This demand, which has its roots in the traditional Italian sentiment of neutrality, would grow rapidly on the fear of invasion. The recurrent desire of the Italian to adjust himself to shifting tides of power would probably be evidenced by a large number of opportunists hastening to join the Communist camp.

Much would depend on the development of the invaders' campaign in Yugoslavia. Fairly rapid success of the Soviet-sponsored march into Yugoslavia would doubtless accentuate the adverse reactions in Italy described above.

The failure of the invasion to make any appreciable progress in a number of weeks would enable the Italian Government to restore a good measure of internal security. But uncertainty and apprehension in the Government and among the people would continue--as would the insistent calls for more US aid.

Only a prolonged stalemate or the complete cessation of Soviet-sponsored military activities against Yugoslavia would make it possible for the Italian Government to nullify the various reactions in Italy unfavorable to US interests.

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SPECIAL ARTICLE

FRENCH PROPOSAL FOR NEW APPROACH TO  
EUROPEAN INVESTMENT PLANNING

B

The growing leadership of the French in the economic expansion of western Europe is not being confined to the Schuman Plan. Recently, they advanced in the OEEC a new approach to post-1952 investment planning, highlighted by a proposal for a European Investment Bank.

The principal thesis of the new French proposal is that the countries of western Europe cannot expect to compete favorably with US industry if they have independent national investment programs. Rather, over-all coordinated investment planning is essential. Such planning should: (1) seek the greatest possible volume of production for a single European market; (2) pursue the greatest possible economy in the use of Europe's equipment and resources; and thus (3) promote a thorough rationalization of Continental production. The French argue that the investment program for western Europe as a whole must be more than the sum of the independent programs of the component countries. The national economies are so interdependent, the argument runs, that no single country can carry out an investment program without making allowances for the investment programs of other countries. A comprehensive and competitive aeronautical industry, for example, must be a western European effort; it cannot be financed or made to attain large-volume production by the independent efforts of the countries involved.

The French, therefore, have questioned whether the OEEC's recent request to each member nation for its post-1952 investment plans will give adequate results. They consider that two steps are indispensable: (1) comprehensive studies by the OEEC of western Europe's production and marketing problems, product by product; and (2) a European Investment Bank, to insure the necessary international approach to the investment problem. The Bank should be under the control of either the national governments or the OEEC, and should appeal strongly to the necessary private capital, including that from the US. Thus the Bank might be expected not only to supplement

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considerably the inadequate volume of Government-financed investment, but also to direct both public and private investments toward the desirable rationalization of western European industry.

Though many French officials are no doubt convinced of the economic necessity for this European approach, it also appears desirable for domestic political reasons. The Plevin Government is committed to an expanded program of new housing, and sentiment for the more rapid repair of war damaged property has been growing. Hence, the Government is now likely to lay less emphasis on long-term investment in heavy industry, and will probably give increasing attention to investments of local and social importance. Both labor unrest and military requirements will tend to strengthen such a policy. Consequently, the Government, which recently relaxed credit restrictions in an effort to draw out private capital, would welcome a powerful international device for attracting European and US private funds in order ultimately to reduce the French Government's own investment burden.