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IMPACT OF AUSTRIAN SETTLEMENT

- I. Most important question; what is impact on German rearmament?
- A. Bundestag leaders feel settlement will cause initial upsurge West German neutrality.
- B. However, settlement had ^{about} no effect on Lower Saxony elections (26 Apr), which followed pattern other recent state elections.
- C. Parties of Adenauer's federal coalition (Christian Democrats, Free Democrats, German Party and Refugee Party) polled higher vote than ever before.
1. Combined vote was 59%, compared with 50.3% in '51 Landtag vote,

DOCUMENT NO. 31
NO CHANGE IN CLASS. 54.8% in '53 Federal vote.
 DECLASSIFIED
CLASS. CHANGED TO: TS S C 1990
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25 YEAR
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➤ Social Democrats, who brought

Austrian issue into last stages of campaign, polled ~~only~~ 35.2% of vote (compared with 33% in '51, and 30.0% in '53).

3. Losers were extreme rightists and Communists, who dropped to under 6% of vote (compared with some 14% in '51).
4. Issues in Saxon election essentially local. We watching for longer-term effects on West German anti-rearmament, neutralist sentiment.

II. Western observers are in conflict on question

Soviet motivation.

- A. Most members in preliminary view, see move as full-scale change Soviet policy.

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1. About-face seen as attempt to
neutralize Germany, get Americans
out of Europe.

B. We more inclined to see action as dramatic
move to:

1. Give Moscow more time to work
against West German rearmament.
2. Stimulate independent Bonn foreign
policy following restoration of
sovereignty.



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