

~~TOP SECRET~~  
SECURITY INFORMATION

ASSISTANT DIRECTOR, ONE

030410

# NATIONAL INTELLIGENCE ESTIMATE

## FRANCE'S PROBABLE FUTURE ROLE IN THE WESTERN SECURITY SYSTEM



NIE - 63

Published 23 January 1953

DOCUMENT NO. 1  
NO CHANGE IN CLASS.   
 DECLASSIFIED  
CLASS. CHANGED TO: TS S C  
NEXT REVIEW DATE: \_\_\_\_\_  
AUTH: HR 70-2  
DATE: 3/24/81 REVIEWER:  STAT

*The following member organizations of the Intelligence Advisory Committee participated with the Central Intelligence Agency in the preparation of this estimate: The intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and the Joint Staff. All members of the Intelligence Advisory Committee concurred in this estimate on 15 January 1953.*

# CENTRAL INTELLIGENCE AGENCY

~~TOP SECRET~~

### DISSEMINATION NOTICE

1. This copy of this publication is for the information and use of the recipient designated on the front cover and of individuals under the jurisdiction of the recipient's office who require the information for the performance of their official duties. Further dissemination elsewhere in the department to other offices which require the information for the performance of official duties may be authorized by the following:

- a. Special Assistant to the Secretary of State for Intelligence, for the Department of State.
- b. Assistant Chief of Staff, G-2, for the Department of the Army
- c. Director of Naval Intelligence, for the Department of the Navy
- d. Director of Intelligence, USAF, for the Department of the Air Force
- e. Deputy Director for Intelligence, Joint Staff, for the Joint Staff
- f. Director of Intelligence, AEC, for the Atomic Energy Commission
- g. Assistant to the Director, FBI, for the Federal Bureau of Investigation
- h. Assistant Director for Collection and Dissemination, CIA, for any other Department or Agency

2. This copy may be either retained or destroyed by burning in accordance with applicable security regulations, or returned to the Central Intelligence Agency by arrangement with the Office of Collection and Dissemination, CIA.

### WARNING

This material contains information affecting the National Defense of the United States within the meaning of the espionage laws, Title 18, USC, Secs. 793 and 794, the transmission or revelation of which in any manner to an unauthorized person is prohibited by law.

#### DISTRIBUTION:

White House  
National Security Council  
Department of State  
Department of Defense  
National Security Resources Board  
Mutual Security Agency  
Psychological Strategy Board  
Atomic Energy Commission  
Federal Bureau of Investigation

~~TOP SECRET~~

## FRANCE'S PROBABLE FUTURE ROLE IN THE WESTERN SECURITY SYSTEM

### THE PROBLEM

To assess those conditions and trends in France which will affect: (a) France's determination and ability to cope with its key domestic and international problems; and (b) its role in the Western security system.

### CONCLUSIONS

1. France is over-extended. It cannot simultaneously: (a) maintain domestic economic stability and politically tolerable standards of living; (b) meet Lisbon NATO force goals; (c) maintain at least parity of strength and influence with respect to Germany; (d) continue a major military effort in Indochina; and (e) cope with the lesser but growing problem of nationalist unrest in North Africa.
2. Even if US aid is continued at present levels, France, under its present governmental system, will be unable to meet all these requirements because of social, political, and economic weaknesses which impede the mobilization of its substantial human and material resources.
3. French morale is not likely to be such as would support much increased sacrifices for rearmament, although some improvement in French morale is probable if free world strength in general continues to grow. We also believe that in event of major reverses in the initial stages of a European conflict, French will-to-resist in France itself would be highly uncertain.
4. French governments will probably continue to be moderate rightist in character, at least until the 1956 elections. Gaullist strength is likely to decline further. A slow decline of Communist effectiveness is also likely, but the Communists will probably continue to be one of the major political parties and to retain considerable propaganda, espionage, subversion, and sabotage capabilities.
5. Conservative French governments will probably succeed in attaining a greater degree of economic stability, though largely at the expense of rearmament and of economic expansion. We estimate that French outlays for rearmament are approaching the practicable peacetime maximum, and that for the next several years French politico-economic capabilities will not support outlays substantially higher than the level reached in 1952.

~~TOP SECRET~~

~~TOP SECRET~~

2

6. We estimate that France will not flatly reject the EDC treaty, but will almost certainly impose conditions on its ratification which might require re-opening of negotiations and thus further postpone West German rearmament. Should the French insist on a settlement of the Saar issue prior to EDC ratification, such ratification might be even further postponed.

7. Moreover, even if the EDC comes into effect, France will seek through its influence in this and other European institutions to prevent the emergence of Germany as the dominant Western European power.

8. France's overriding desire to maintain parity with Germany in Europe and its growing concern regarding North Africa will probably lead to further efforts to reduce or shift the burden of the war in Indochina.

9. France will almost certainly remain committed to the NATO alliance. However, the over-extension of French commitments, fear of Germany, dissatisfaction with the scale of US support, and fear of general war may lead the French to pursue policies diverging from those of their NATO allies, including the US. This divergence might become so marked that it would require re-examination of the bases of US security policies.

## DISCUSSION

10. France will continue to be a major element in the Western security system, if only by virtue of its geographic position in Europe and that of the French Union in the world. Moreover, its 42,000,000 population, well-developed industry, and sizable military establishment are important resources of the NATO alliance. France is currently making a major contribution to free world security in Indochina and in NATO. However, the future role of France in the Western security system remains uncertain. France is still dependent on US aid to meet its global security commitments, while maintaining its economic stability. The political, social, and economic structure of France will place serious obstacles in the way of the effective mobilization of French resources, whether or not those resources are adequate to sustain France's global commitments.

### PROBABLE TRENDS IN FRENCH SOCIAL STABILITY AND MORALE

11. French society is essentially static and is likely to remain so over the next decade bar-

ring general war or world-wide depression. This static situation rests upon an equilibrium among many conflicting interests, especially as regards the distribution of the national income. Economic issues have been aggravated by the failure of the working class to make any significant postwar gains in real wages and by the effects of inflation, especially on the middle class, but the balance of forces in French society is such that no basic change is expected.

12. On the one hand, the multiplicity of conflicting interests tends to prevent the development of any revolutionary situation in France. If any one group such as the Communists becomes disproportionately strong, other normally divergent groups form loose coalitions to contain and isolate it. On the other hand, the sharp cleavages in the French social structure militate against united and positive governmental action in the political and economic fields. These cleavages are reflected in the characteristics of French political institutions — the proliferation of political parties and even party factions, weak coalition gov-

~~TOP SECRET~~

~~TOP SECRET~~

3

ernments, and numerous cabinet changes.<sup>1</sup> It is difficult for a French government to follow a positive line of policy because many powerful vested interests are always ready to combine against it.

13. In addition, war weariness and fear of a new war permeate most of French society, and affect French attitudes toward rearmament and the East-West struggle. The sheer physical losses of two world wars have sapped French will and ability to rise to new crises and have produced what is akin to defeatism among important segments of the population.

14. Nevertheless, there has been a slow improvement in French morale and will-to-sacrifice, and we believe that some further improvement is likely if the West continues to grow in unity and strength. More nationalistic policies on the part of future French governments may also catch the popular imagination and improve morale. We believe, however, that within the next few years French popular morale will not be equal to much greater sacrifices for rearmament purposes. We also believe that in the event of major reverses in the initial stages of a European conflict French will-to-resist in France itself would be highly uncertain.

#### PROBABLE POLITICAL TRENDS

15. The political trend in France during the last few years has been to the right. This trend has been facilitated by the gradual removal of the wartime "collaborationist" stigma from the traditional right-wing parties. Conservative voters no longer feel obliged to cloak their preferences as they did in the first postwar elections, and a number of prewar leaders have re-emerged. We believe that French governments will continue to be generally moderate rightist in character between

<sup>1</sup> However, the strength of the centralized administration and the fact that most cabinet changes are merely reshuffles of the same men permit a greater continuity in French policy than would appear likely in the face of frequent cabinet changes.

now and the next probable elections in 1956.<sup>2</sup> Except in the event of war or prolonged economic crisis, political power will probably remain focussed in the hands of the predominantly conservative peasants and middle class. Further cabinet changes will probably take place with somewhat less rapidity than over the past five years and consist largely of a reshuffling of moderate rightist and center leaders. It is unlikely, however, that any extreme rightist government will come to power.

16. Gaullist strength will probably continue to wane, which will also strengthen the moderate right. The Gaullist forces have been weakened by the defection of a conservative group which supported the recent Pinay cabinet. The support of this group was obtained largely by Pinay's adoption of many Gaullist economic proposals. That government also stole Gaullist thunder by taking more aggressive action against the Communists, and by greater "firmness" in dealing with the US. Further defections from de Gaulle are probable if he opposes any coalition with other political groups. If, on the other hand, de Gaulle permits the leaders of his party to negotiate with other parties, not only will his "non-political" position before the electorate be weakened but he will have difficulty in keeping together his heterogeneous group, which is already split between those representing highly conservative interests and those holding social reformist views. Thus, whichever policy de Gaulle may follow, his party is likely to lose. It may even disintegrate. Nevertheless, de Gaulle himself will remain a significant political personality and, in the event of a major economic or international crisis, he might still be elevated to power.

17. Another important factor in the trend to the moderate right is the weakened and divided condition of the left. The Socialists suffer from weak leadership and are essentially a middle class party, with only limited working class support. The working class

<sup>2</sup> Elections before the end of the present Assembly's term are unlikely although constitutionally possible. In the last eighty-odd years, the last Parliament is the only one which has ever cut short its term, and it did so by only six months.

~~TOP SECRET~~

TOP SECRET

4

continues largely to vote for the Communist Party, which is isolated politically in the Parliament. Thus the working class continues to be without direct influence in the government, and this fact reacts to the benefit of the rightist parties.

18. An anti-conservative alliance between the Communists, the Socialists, and the MRP is highly unlikely, at least over the next few years. The Socialists and MRP disagree sharply over state aid to Catholic schools, and both are strongly anti-Communist. The MRP still has a left-wing element and may again move toward the Socialists, but is more likely, if the evolution of center forces under the Third Republic is any guide, to retain its center position or move gradually toward the right.

19. The political weakness of the left is intensified by the declining strength and numerous divisions among the trade unions. French trade union strength is now at one of its low points. There are fewer than three million organized workers, as compared with about six million at the end of the war. The workers are currently in a skeptical mood toward all trade unions, largely because the Communist-dominated unions do not consistently base their actions on economic grievances, while the non-Communist unions have been ineffective in increasing real wages.

#### PROBABLE TRENDS IN FRENCH COMMUNIST STRENGTH

20. The decline of the trade unions, the increased political isolation of the Communists, and repressive governmental measures have weakened French Communist effectiveness. Party membership has dropped from some 900,000 in 1947 to an estimated 450,000 at present. The Communist press, while still a major propaganda network, has suffered a considerable decline in circulation. Most important, recent Communist efforts to organize political strikes and demonstrations have been signally unsuccessful. However, the Communists will remain a major political party, principally because of the absence of any alternative working class and general protest party. In particular the Communists are

likely to maintain their pre-eminence in the trade union movement.

21. The Communist element in the active officer corps in the armed forces is estimated to be not more than 2 percent; none are known among active flag or general officers. There is some Communist influence among reserve officers. In event of a general mobilization Communist influence within the armed forces would become a serious security problem because of the large number of Communists and Communist sympathizers who would be inducted.

22. Despite their continued strength as a mass organization, the Communists will remain unable directly to influence government policy. We believe that for the next few years at least the French Communists are likely to minimize direct action tactics and will attempt to reduce their political isolation and recoup their strength. This policy is likely to meet with little success, and a further decline in Communist effectiveness is likely, at least in the short run. The government clearly intends to take further anti-Communist measures, although it is unlikely to outlaw the party.

23. However, by playing on French fear of war, economic grievances, and anti-American sentiment, the numerous party propaganda organizations will probably continue to arouse some popular resistance to general defense policies. Moreover, in event of serious economic depression, Communist popular support probably would again increase and the party would regain some of its lost political power. Finally, the Communists will probably retain some para-military capabilities and will almost certainly be capable of extensive sabotage. In the event of war, Communist exercise of these capabilities, together with the demoralizing effect of Communist propaganda, would adversely affect French will and ability to resist.

#### PROBABLE ECONOMIC TRENDS

24. French production, aided by the European Recovery Program and the Monnet Plan, has increased substantially since World War

TOP SECRET

TOP SECRET

5

II. In the year ending June 30, 1952 industrial output was 144 percent of 1938, agricultural output 110 percent, and the real gross national product about 130 percent. The increase in industrial output is the result of a 15 percent increase in hours worked per week, a 6 percent increase in employment, and an 18 percent increase in productivity per man-hour.

25. Real personal incomes after taxes did not keep pace with the growth of production, primarily because the government now takes a larger share of the national product for investment and defense; also, corporations are plowing back a larger proportion of their increased profits. Compared with 1938, real wages and salaries after taxes rose only to the extent that the work week was lengthened; average hourly earnings (including employers' and government contributions to the social insurance system) in 1951 were no higher than before the war, in terms of real purchasing power. This diversion of resources to investment and defense has given rise to serious inflationary stresses.

26. The effective utilization of France's substantial human and material resources continues to be impeded by social and political institutions and attitudes of long standing. In particular, the inability of the government to eliminate budget deficits, to impose adequate restraints on credit expansion, and to carry out direct economic controls has contributed to financial instability and persistent inflationary pressures. The unwillingness of the Assembly to increase taxes, together with widespread tax evasion, limits government ability to mobilize resources by non-inflationary means. Lack of confidence in the franc has led to hoarding and capital flight and has inhibited private investment. The restrictionist attitudes of French management and labor, the prevalence of uneconomic small-scale industrial enterprises, and the relative immobility of the French labor force have also retarded economic growth. Inflation and low productivity have placed French exports in a poor competitive position abroad. France still has a sizable balance of payments deficit,

particularly with the dollar area. Because of the weaknesses in the French economy, France's current Indochina and armament outlays have proven a serious strain.<sup>3</sup>

27. *Probable French Economic Policies.* The French Government is faced with a threefold economic problem: (a) coping with inflation and stabilizing the economy; (b) providing a sufficiently high investment level to modernize French industry and sustain economic growth at a rate comparable to West Germany; and (c) meeting increasing rearmament demands. To achieve all these goals would require strict limitations on consumption and substantial tax increases. We believe that present day French institutions and French political will are not equal to this task.

28. Future French governments will probably continue the Pinay policy of giving priority to controlling inflation and stabilizing the economy, limiting both investment and rearmament outlays to the extent necessary. The government clearly intends to reduce the level of public investment, and the Monnet Plan of investment in basic industries, which ended in 1952 with modest success, is unlikely to be renewed in as extensive a form. Future governments are unlikely to undertake radical fiscal and administrative reforms or to impose substantial new taxes and adequate controls. There are apparently no plans for overcoming France's budgetary or foreign trade deficits, except by continued reliance on US aid. Barring unfavorable in-

<sup>3</sup> FRENCH DEFENSE EFFORT IN 1951/52, COMPARED WITH THAT OF SELECTED NATO COUNTRIES

	DEFENSE EXPENDITURE AS % OF GNP	MEN ON ACTIVE MILITARY DUTY	
		TOTAL 30 JUNE 1952	AS % OF TOTAL POPULATION
France	9.1	899,000	2.1
Belgium-Luxembourg	4.6	162,000	1.8
Italy (incl. Trieste)	4.8	365,000	0.7
Netherlands	5.2	97,000	0.9
UK	9.8	946,000	1.9
US	12.9	3,611,000	2.3
Canada	7.8	97,000	0.7

TOP SECRET

TOP SECRET

6

ternational economic developments, the net result of such policies will probably be to produce greater economic stability, though largely at the expense of rearmament and economic growth.

29. *Prospects for Further Economic Growth.* The rate of increase in French GNP is already levelling off, as the bulk of postwar reconstruction is completed; it will probably not exceed an average annual rate of 2½ percent over the next several years. The share of GNP devoted to investment is likely to average at best 13-14 percent over the next several years, as compared with the 1947-1952 average of 15 percent.<sup>4</sup> Other factors inhibiting growth probably will be continuing restrictionist attitudes and relative inefficiency in management and labor, immobility and static size of the labor force, and industrial bottlenecks. A forthright attack on these problems would require: (a) effective fiscal, monetary, and/or direct controls on a scale not politically feasible; and (b) fundamental changes in French economic attitudes which could at best occur only over an extended period.

#### FRANCE'S PROBABLE FUTURE SECURITY EFFORTS

30. *Availability of Economic Resources.* In the light of the above, we see little likelihood of sufficient further increase in French GNP over the next several years to provide substantially increased resources for defense. Moreover, we believe that only a small part of any increase in output will be allocated to defense and priority investment.

31. If we assume: (a) an annual 2½ percent increase in GNP; (b) average gross domestic investment of 14 percent of GNP; (c) consumption of the same proportion of the increase in GNP each year as over the past few years; (d) no consumer rationing, redistribution of income, or extensive monetary reforms; and (e) government non-defense expenditures held near present levels, about

<sup>4</sup>These figures for investment include public investments, which accounted for about one-half of the total.

1,415 billion francs could probably be made available from domestic resources for rearmament in 1953, some 1,507 billion in 1954, and 1,605 billion in 1955, exclusive of US aid. This would permit increases in military expenditures out of French resources of 16.7 percent in 1953 and only 6.5 percent in each of the following years.

32. Actual French arms expenditures over the next three years are likely to fall short of even the above projections. The French Government apparently fears that military outlays of this magnitude would prove inflationary and probably will not vote military budgets substantially in excess of that for 1952. While willing to increase French military strength, France is apparently relying on increased US aid to provide the necessary budgetary resources, and is attempting to promote a broader form of NATO "burden-sharing" to achieve this end.

33. Because of the limitations of its resources and especially its difficulty in mobilizing these resources effectively, France will almost certainly be unable simultaneously to: (a) stabilize and expand its economy; (b) continue a major effort in Indochina and cope with the lesser problem of growing North African nationalism; (c) maintain at least parity of strength and influence with respect to Germany; and (d) still meet its Lisbon NATO force goals. In committing itself to these objectives, France is already over-extended; its commitments have outrun its available means. Even if US aid is continued at present levels, we believe that France will be unable to achieve the above objectives.

34. *Probable NATO Force Contribution.* French military strength has increased substantially since 1948 as a result of extensive US aid and increased rearmament outlays. The morale of the armed forces, although now only fair, is improving as new equipment and better training facilities become available. The French army now has about 743,000 men under arms, some 43,000 more than it had prior to the outbreak of war in 1939. However, there are almost 200,000 fewer men (including 8,000 fewer officers) available for the

TOP SECRET



TOP SECRET

7

defense of Europe and North Africa because of increased overseas commitments, arising primarily from the Indochina war. Moreover, the fact that French conscripts by law may not be sent to Indochina and the consequent drain on regular officers and NCO's reduces the effectiveness of France's NATO force. There are trained reserves totalling 1,500,000 men, but no adequate plans exist to mobilize, arm, and equip these reserves. The Navy is in a good state of training and combat readiness, although most vessels are old. The Air Force is hampered by certain fundamental weaknesses but is gradually improving as new MDAP and French equipment becomes available and training is stepped up. Less than 100 jet aircraft are estimated to be in operational units which meet NATO standards. In addition, facilities scheduled to be completed by 1954 would permit the production of a few atomic bombs per year, and longer range plans may permit an annual rate of 10 to 15 bombs by 1957. Present known uranium sources in France proper appear adequate for these programs. There are also some indications of substantial uranium deposits in Morocco, which, if proven, would make a significant contribution to Western atomic capabilities.

35. France has come close to meeting its Lisbon commitment for the end of 1952, i.e.: 12-1/3 divisions, 478 aircraft in operational units, and 28 major and 32 minor naval units, except that many of these forces are far below acceptable NATO standards of readiness. However, France will almost certainly be unable to meet its tentative Lisbon goal for 1954 at acceptable NATO standards, i.e.: 22-1/3 divisions and 2,018 aircraft in operational units and a naval contribution of 36 major and 54 minor naval units. Given US end-item aid, France has the physical capacity to expand its force contribution to this level. On the other hand, it lacks the financial resources to do so, except in the event of a substantial increase in external assistance and/or a major reduction of its overseas commitments, notably in Indochina.

36. The manpower and financial drain of the Indochina war (roughly 1/3 of the current

military budget) has critically impeded France's ability to increase its military strength in Europe. The French have apparently been counting on a progressive reduction of their Indochina burden, both through an improvement in the situation and the development of the Vietnam national army to replace French troops. However, we believe that there is unlikely to be sufficient improvement in the Indochina situation in the next two or three years to permit a major reduction in French financial outlays or large-scale redeployment of troops. In particular, the development of effective Vietnamese forces is unlikely to be sufficiently rapid to permit such replacement of French forces in the next year or two. Consequently the French probably will not be able to achieve a major reduction in their Indochina commitments without critically hampering their ability to maintain the struggle.

37. Moreover, we believe that increasing nationalist resistance to French control in North Africa will — over a period of years — create an additional strain on French military resources. Current French plans contemplate using as part of their European NATO forces several divisions from North Africa, but in the event of war many of these troops may have to be retained in that area to meet internal security needs. Moreover, the reliability of North African native troops in general may eventually decrease under the stimulus of nationalism, thus reducing the value of this major military asset.

#### PROBABLE TRENDS IN FRENCH EXTERNAL POLICY

38. Despite the limitations and strains on its resources, France is attempting to maintain its position as a great power and is insistent that it be recognized as such by its allies. It is attempting simultaneously to: (a) play a major military role in NATO and other projected regional alliances; (b) assert its leadership in Europe in the face of a reviving West Germany; and (c) hold firmly to its overseas possessions. However, French consciousness of the weakness of France's posi-

TOP SECRET

tion has intensified the preoccupation with security which has long dominated French foreign policy.

### French Policy toward Germany and the USSR

39. The foreign policy of France is mainly shaped by two problems, that of security against Germany and that of security against the Soviet Union. It is this dual nature of French security preoccupations which produces contradictory impulses in French policy and raises the most serious problems for the US. On the one hand, the French are driven by their own recognition of the Soviet threat and by the urging of their allies toward accepting the revival of a strong Germany. On the other hand, traditional fears and concern over future German intentions constrain them to resist this development, postpone it wherever possible, and as a last resort devise every feasible means of controlling it.

40. The French see German revival as presenting a triple danger. First, they fear that West Germany, because of its larger population and industrial superiority, will ultimately overshadow the power and influence of France in Western Europe. Second, they foresee the possibility that a rearmed West Germany, in an endeavor to unify the German nation, might either seek a rapprochement with the USSR or drag the West into dangerous and provocative courses of action leading to general war. Finally, many Frenchmen are fearful lest German rearmament be viewed by the Kremlin as an unacceptable threat, necessitating a Soviet attack on the West. Should the USSR advance plausible proposals for a neutralized, disarmed, and unified Germany, we believe that France would demand full exploration of the proposals.

41. With respect to the Soviet Union, the French Government and to a lesser degree the French people are aware of the threat it offers to their own nation and to the free world. They are also conscious of the weak position of continental Europe in face of the Soviet army. Therefore, the French are above all anxious to avoid provocation of the

Kremlin. They are averse to pursuing strong policies on such issues as that of Berlin. Their desire to assist in the strengthening of the free world is balanced by an insistence that this strength be used with caution.

42. To cope with these security problems, France has two principal policies. The first is to keep the US and UK involved as far as possible in commitments on the European continent, in order both to strengthen Western Europe against the USSR and to provide a counterweight to a rearmed West Germany. This is the double virtue of NATO in French eyes. The French also regard the NATO alliance as providing some assurance that US aid and support will continue at a high level. They regard such assistance as essential if France is simultaneously to meet its NATO and Indochina commitments, maintain parity with Germany, and hold on to North Africa. We believe, therefore, that the French will almost certainly remain committed to the NATO alliance.

43. The second major line of French policy is to construct in continental Europe such supra-national institutions as the European Coal-Steel Community and European Defense Community (EDC), in order to increase Western European strength and unity and to impose further limits on West German freedom of action, even though they limit French sovereignty as well. The French clearly desire a closer association of the US and UK with these supra-national institutions, and are proceeding on a continental basis only because of the US and UK unwillingness to join.

### Prospects for EDC Ratification

44. Although the French initially sponsored the EDC as a means of controlling German rearmament, they still have serious reservations about ratifying the EDC. West Germany's rapid resurgence and France's own heavy Indochina burden have led many French leaders to fear that France will be unable to maintain military parity with a reviving Germany, and that Germany will

TOP SECRET

9

come to dominate a united Europe. Therefore, the French Government will probably first seek further concessions, in particular increased US aid, so that France may be able to meet its Indochina commitments and at the same time maintain its position vis-a-vis West Germany. It may also seek US-UK guarantees against German withdrawal from the EDC and for the retention of US-UK forces in Germany even after the build-up of German military strength. Furthermore, the French may inject the Saar issue into their consideration of the EDC. They are anxious to secure a "permanent" solution of the Saar problem before their bargaining power declines. While willing to accept some form of "Europeanization" of the Saar, they will probably insist on the maintenance of some economic ties with France as a counterweight to German strength.

45. On the other hand, it is difficult for the French to find any alternative to the EDC which would not lead to West German rearmament under circumstances even more detrimental to French interests. Therefore, we estimate that France will not flatly reject the EDC treaty, but will almost certainly impose conditions on its ratification which might require re-opening of negotiations and further postpone West German rearmament. Should the French insist on a settlement of the Saar issue prior to EDC ratification, such ratification might be even further postponed.

46. Even if the EDC goes into effect, France will seek through its influence in this and other European institutions to prevent the emergence of Germany as the dominant Western European power. While EDC ratification would mark a step toward Franco-German rapprochement, French support for further Western policies designed to increase West Germany's contribution to Western security will depend upon: (a) the extent to which European integration measures reduce French fears of Germany; (b) France's ability to maintain parity with Germany; and (c) the policies which West Germany itself will follow. In particular France will continue to be sensitive to any pressures for early West

German admission to NATO. At the same time it will probably favor the development of further continental supra-national institutions, such as the projected European Political Authority, as additional means of limiting West German freedom of action. Thus, there are likely to be further tensions in Franco-German relations over the next few years, even if the EDC goes into effect. These tensions might reach proportions which would seriously weaken the Western European security structure and offer divisive opportunities to the USSR.

### French Policy toward the French Union

47. Future French governments will almost certainly make every effort to maintain control over the French Union as essential to France's position as a great power. In particular, the French believe they cannot afford to relinquish control over French North Africa, which they regard as a counterweight to West Germany's potentially superior strength in Europe. The proximity of North Africa to France, its strategic location and manpower resources, the large and well-entrenched French population, and the extensive French investments in the area have created a unique colonial relationship. The French recognize the necessity for some degree of evolutionary political change in the area, but almost certainly will insist on retaining essential controls.<sup>5</sup>

48. In contrast, we believe that the French increasingly look upon Indochina as a liability, which represents a continuous and heavy drain on French financial and military resources without hope of a commensurate return. They feel that this drain seriously reduces France's ability to meet other pressing problems, particularly those of maintaining military parity with West Germany and holding on to North Africa. At the same time the government can see no feasible way to extricate itself from the Indochina war. Therefore, France is apparently seeking to conduct

<sup>5</sup> See NIE-69, "Probable Developments in French North Africa," 12 September 1952, for a fuller discussion of French policy.

TOP SECRET

~~TOP SECRET~~

10

a "holding action" while: (a) attempting to reduce its commitments by transferring a larger share of the burden to the Associated States and obtaining greater US assistance; and (b) hoping to secure as part of any general Far Eastern settlement some solution which would retain Indochina in the French Union.<sup>6</sup> Should the Indochina drain continue without any more hopeful outlook, we believe that French will and ability to continue the Indochina struggle will seriously weaken. In view of France's greater interest in maintaining its position in Europe and North Africa, Indochina is the most likely area in which France will seek to reduce its commitments.

49. *Increasing French National Sensitivity.* Recent French governments have shown increasing national sensitivity in their external relations, particularly with the US. Many Frenchmen complain of US interference in purely French affairs and of US policies as being more and more pro-German in their implications, and naively "anti-colonial" in certain areas at the expense of America's European allies. There are strong pressures, especially from French right-wing groups, for a more "independent" policy, and the political shift to the right in France is reinforcing this

<sup>6</sup> See NIE-35/2, "Probable Developments in Indochina through Mid-1953," 29 August 1952, for a fuller discussion of French policy.

trend. We believe that the French Government will tend to be increasingly insistent upon points of prestige and upon full recognition of French interests.

50. *Implications for the US.* We believe that the next several years will be a period of continued strains and irritations in Franco-US relations. Above all, French preoccupation with the German problem will continue to pose obstacles to achievement of the US objective of integrating a strong West Germany into the NATO system. The French will also show continued resentment at any form of US "interference" in French affairs and at US policies which appear contrary to French interests. At the same time France will almost certainly continue to insist that a high level of US economic, military, and/or political support in Europe, North Africa, and Indochina is essential to French acceptance of German rearmament and to French fulfillment of NATO goals.

51. France will almost certainly remain committed to the NATO alliance. However, the over-extension of French commitments, fear of Germany, dissatisfaction with the scale of US support, and fear of general war may lead the French to pursue policies diverging from those of their NATO allies, including the US. This divergence might become so marked that it would require re-examination of the bases of US security policies.

~~TOP SECRET~~

~~TOP SECRET~~