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L.H. Pugh
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PROBABLE SHORT-TERM DEVELOPMENTS IN FRENCH POLICY



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PROBABLE SHORT-TERM DEVELOPMENTS IN FRENCH POLICY

THE PROBLEM

To estimate probable French domestic developments and foreign policies over the next 18 months.¹

CONCLUSIONS

1. France, which is overextended in attempting to meet its internal and external commitments, will remain one of the problem areas of the Western coalition. However, no critical deterioration of the French situation is likely during the period of this estimate except possibly with respect to Indochina. On the other hand there is virtually no prospect of an early "revitalization" of France. Such a revitalization would require fundamental changes in French institutions and attitudes which, if realized, probably could not become really effective during the period of this estimate.

2. Right-center governments are still likely to predominate. The chances for a left-center government coming to power are still less than even. In any case no French government likely to come to power in the next 18 months will be able to achieve both economic growth and financial stability.

3. The next six months or so will probably be decisive for EDC. We believe that French failure to ratify EDC within this

period would mean the virtual abandonment of the present treaty. However, we believe that France will ratify EDC within this period if (a) France's remaining conditions, especially on the Saar, are largely satisfied; (b) it remains convinced no fruitful discussions with the Bloc on Germany are likely; and (c) it is under continued pressure from its allies to ratify.²

4. However, certain types of allied pressure might delay rather than hasten ratification. For example, although we believe that any alternative method of permitting West German rearmament is more unpalatable to the French than EDC, if one of these alternatives were formally proposed by the US or the UK, the

² The Assistant Chief of Staff, G-2, Department of the Army, and the Director of Intelligence, US Air Force, would have this paragraph read as follows:

"The next six months or so will probably be decisive for EDC. We believe that French failure to ratify EDC within this period would mean the virtual abandonment of the present treaty. Since France is fundamentally opposed to German rearmament and is more apprehensive of the threat of a resurgent Germany than of Soviet Communist aggression, French ratification of EDC continues to be conjectural. Even though France's present remaining conditions including a favorable settlement of the Saar question are satisfied, French ratification cannot be assured unless: (a) France is under continued powerful pressure from her Allies to ratify, and (b) France is convinced no fruitful discussions with the Bloc on Germany are likely."

¹ Long-term developments in France are covered in NIE-63, "France's Probable Future Role in the Western Security System," 23 January 1953, the conclusions of which remain largely valid. The present estimate supplements NIE-63 and concentrates on probable short-term domestic and foreign policy developments, particularly in the light of developments since the publication of NIE-63.

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French might seize upon the allied proposal as a pretext for lengthy discussions which would further delay West German rearmament.

5. French ratification of EDC would remove the chief obstacle to its implementation, though France would still seek to limit any German military buildup and to prevent the emergence of West Germany as the dominant Western European power.

6. On the other hand, if France failed to ratify EDC, it would probably seek to gloss over failure to ratify by expressing willingness to discuss West German rearmament in association with NATO. Such negotiations would almost certainly prove long and difficult, with France insisting on detailed safeguards at least as effective as those contained in EDC, thus incurring the grave risk inherent in the prolonged delay in the realization of a German military contribution to the defense of Western Europe. In these circumstances, the cohesion and effectiveness of NATO itself would be endangered.

7. In Indochina, we believe that even if the Laniel-Navarre Plan is successful the French do not expect to achieve a complete military victory in Indochina and probably aim only at improving their position sufficiently to negotiate a political settlement.

8. If no negotiations take place within the next 18 months, France would prob-

ably continue its effort in Indochina, *provided that*: (a) the US assumed virtually the total financial burdens of the war; (b) the planned buildup of Vietnam forces permitted reduction of French forces; (c) the Indochina states remained in the French Union; and (d) France continued to receive US support for its position in Europe and North Africa.

9. If the above French conditions were not largely satisfied France would probably propose UN intervention or direct military participation by the US. Failing in this, France would probably seek in time to negotiate directly with the Communists for terms which would permit withdrawal with minimum loss.

10. In contrast, we believe that France is determined to retain control, by force if necessary, over French North Africa. It will probably make some concessions toward local autonomy, but these almost certainly will not satisfy the local nationalists. Nevertheless, French security capabilities probably will forestall the development of any serious threat to French control during the period of this estimate. However, widening differences between France on the one hand, and the North African Nationalists supported by the Arab-Asian countries on the other, will throw increasing strains on US relations with both sides.

DISCUSSION

WHAT AILS FRANCE?

11. France's political and economic weaknesses are attributable largely to the rigidity of political, economic, and social institutions rooted deeply in the past and highly resistant

to change. In particular, the semiparalysis which characterizes the present Assembly and the spiritual malaise which appears to grip the French people limit the ability of French governments to cope with France's internal problems.

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12. France has also been unable to deal effectively with its numerous international problems. It is overextended in attempting simultaneously to: (a) maintain domestic economic stability and politically tolerable standards of living; (b) meet its NATO force commitments; (c) maintain at least parity of strength and influence with West Germany; (d) continue a major military effort in Indochina; and (e) cope with the lesser but growing problem of North African Nationalist unrest. Reluctant to face up to the contraction of its position as a world power, France is having great difficulty in reconciling itself to the resurgence of West Germany in Europe and in coping with growing nationalist pressures in French possessions overseas. France's internal weaknesses and fear of Germany create serious obstacles to the growth of Western unity and strength, and make France vulnerable to Soviet efforts to divide the NATO allies.

PROBABLE DOMESTIC DEVELOPMENTS

13. A stronger French government and basic constitutional, economic, and social reforms are essential to a revitalization of France. Increasing awareness by the French themselves of these needs was demonstrated during the ministerial crisis of June 1953.

14. However, the present French Assembly is so divided, the multiplicity of special interest groups so great, and underlying social cleavages so numerous, that the chances for a strong French government or for essential reforms during the period of this estimate are very slight. The inability of conflicting interest groups in the Assembly to reach agreement on increased powers for the executive makes extensive constitutional revisions unlikely during this period. The present Assembly is unlikely to produce any government which would press forward vigorously with any major reforms. Special interest groups have such influence both within and outside the Assembly that even with the grant of decree powers no government could deal effectively with France's domestic problems, as shown by the current experience of Laniel. Finally the French people themselves are so divided that even if new elections were held during the next 18 months, such elections

would be unlikely to result in more effective governments than have been possible with the present Assembly.

15. With France facing continued economic difficulties, probable further strikes, a presidential election in December, and pressure for a decision on EDC, further cabinet crises are likely. Right-center governments are still likely to predominate during the period of this estimate. The disintegration of the Gaullist Party and the willingness of its two successor groups to participate in the government have broadened the parliamentary base of right-center coalitions.

16. We believe that the chances for a left-center government coming to power are still less than even. During the ministerial crisis of June 1953, a shift away from the right-center orientation of the last several French cabinets almost occurred when Pierre Mendes-France, backed primarily by left-center elements, narrowly failed of investiture. Since then, the unexpectedly strong worker support for the August strikes probably strengthened the left-center parties. Nevertheless, the right-center parties in the Assembly still hold the only present non-Communist coalition majority. A left-center majority could be achieved only by splitting off elements from right-center parties, which seems unlikely during the period of this estimate. Even if a left-center government came to power, the normally right-center majority in the present Assembly probably would shortly bring about its downfall. Such a left-center government might therefore seek to consolidate its strength by new elections, though it would be unlikely to secure an effective governing majority.

17. We do not believe that any government likely to come to power within the next 18 months will be able to achieve both economic growth and financial stability. Progress toward financial stability will probably continue, but at the expense of economic growth. Government attempts to induce private investment in industry by restoring confidence in the franc will probably be largely unproductive. In addition, the great need for new

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housing will not be satisfied from either public or private sources of investment.

18. The present French Government, or any successor government of the right-center will probably continue Laniel's current policy of retrenchment in an effort to stabilize the franc, to balance the budget, and to restore France's international solvency. This policy will result in reduced outlays for defense and public investment. Laniel has already decided to cut the 1954 military budget to \$3,170 million — \$350 million less than probable military expenditures in 1953. He also proposes to eliminate many of the direct appropriations for industrial modernization and equipment, originally budgeted at \$1 billion for 1953, with the proviso that they can be reinstated if no other means of financing can be found.

19. The execution of the "sound money" and retrenchment policy will continue to be hampered by the determined resistance of pressure groups on the left and right. Labor will oppose cuts in social expenditures and housing. Not only the Socialists, but also many followers of the present government coalition are opposed to a reduction of the public investment program. Conservative interests will obstruct tax reforms. Farmers will strongly resist any substantial curtailment of agricultural subsidies.

20. The economic policies of a left-center government would probably differ only in emphasis. Such a government would probably attempt to follow the general policies advocated by Mendes-France. It would make some further cutbacks in France's military outlays, particularly with respect to Indochina, and give closer attention to France's domestic economic problems. Further cutbacks in military outlays might permit an upward revision in the public investment and social security programs, but not to the extent which would probably be demanded by the left elements of the coalition. Moreover, some elements essential to the coalition would probably successfully oppose revision of the tax structure, major reductions of agricultural subsidies and other important changes in the economic structure essential to an effective domestic program. Thus, a left-center government

would slightly improve the outlook for economic growth, though probably at the cost of postponing still further the balancing of France's budget and external accounts.

21. The continuing weaknesses of French governments will further stimulate the dissatisfaction of the many Frenchmen desiring stronger government; consequently there is a slight chance of a rightist coup, particularly in the event of intensified social strife. Considering the present political weakness of the extreme right, we believe such a coup highly unlikely during the period of this estimate. Should such a coup occur, it would probably be projected more from a military than a political party base. At the other extreme, the French Communists will probably continue "united front" tactics and increase their strength slightly, but will almost certainly not be able to gain entry into the government or stage a successful coup during the next 18 months.

22. *The Domestic Outlook.* Therefore, we estimate that there is little likelihood of drastic political or economic change in France over the period of this estimate at least. On the one hand, there is little prospect of critical deterioration of the French internal situation; on the other, there is virtually no prospect of early "revitalization" of France. Such a revitalization would require fundamental changes in French institutions and attitudes which, if realized, probably could not become really effective during the period of this estimate.

23. During the period of this estimate, the security and usefulness of US military installations in France are unlikely to be seriously affected. However, there are likely to be further delays in the negotiation of base rights and certain other US-French agreements as well as some further conflict over construction schedules and requirements. Under a left-center government, it might be necessary to work out new agreements or modify present ones. This would, temporarily at least, increase such delays and conflicts. The French Communists could, if they chose to risk violence, carry out substantial acts of sabotage against US lines of communication, but their

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capability for sabotage would almost certainly be reduced to minor proportions within a short period.

PROSPECTS FOR EDC

24. In proposing a European Defense Community (EDC) in 1950 the French hoped simultaneously to meet US pressures for German rearmament, while maintaining French control over the extent of this rearmament and avoiding direct West German entry into NATO. However, France's continued internal weakness, the drain of the Indochina war, and West Germany's rapid revival have increased French fear of Germany, and have led successive French governments to delay ratifying EDC. The French also have seen in such postponement a lever with which to extract concessions from France's NATO allies and West Germany itself. Finally, France desired to await the results of the West German elections and to explore the possibility that the new Soviet regime might shift its attitude toward German reunification, on the chance that either of these developments might lead to the abandonment of EDC without France being responsible for its failure.

25. Adenauer's overwhelming victory and the lack of any shift in Soviet policy toward Germany have brought EDC to the fore again in France. Moreover, many of the "conditions" France has insisted upon have either been satisfied or are in process of being realized. A series of French protocols to the treaty have been agreed to, though not yet officially accepted. France has received US support for its policies in North Africa and greatly increased US aid in Indochina. The UK has agreed to close association with the EDC.

26. However, there remain still further obstacles to French EDC ratification, all of which in one way or another reflect continued French apprehensions of West Germany resurgence. One has been the widespread hope in France that international tensions can be relieved by a four-power conference, thus avoiding the necessity for German rearmament. Although high French officials have stated that France would no longer have to await a great power meeting before deciding

on EDC, we believe that should such a conference meet or appear likely, France would seize upon this excuse to delay ratification. Moreover, in event of East-West negotiations on Far East issues, France's desire for a negotiated settlement in Indochina might make it unwilling to prejudice the success of such negotiations by simultaneously ratifying the EDC.

27. The French are also apprehensive lest a rearmed Germany drag EDC into Eastern adventures; they particularly fear that West Germany might ultimately jeopardize the peace in its efforts to regain territory now under Soviet control. Therefore, the French Government may seek a Western security declaration to the USSR against German aggression, on the grounds that such a declaration would improve the chances for EDC ratification. However, any Soviet overtures to the French seeking common action to prevent West German rearmament would be unlikely to deter the French from ratification. Such tentative approaches as the USSR has already made have apparently met with no response from France.

28. Probably the most important French condition to EDC ratification is a satisfactory solution of the Saar question. The French regard this issue as a test of German sincerity in advocating European unity. At a minimum the French will continue to insist on the political separation of the Saar from Germany, preferably through some form of "Europeanization." They also insist that the Franco-Saar economic union be continued pending creation of a broader European economic union.

29. The chances for agreement on the Saar have been improved in that the strong post-electoral domestic position of Adenauer enables him to make greater concessions to the French. In meeting French demands, he might even concede that the present Saar legislature be allowed to continue in office until the Saar accords have been ratified. However, Adenauer will insist that German-oriented parties, currently banned in the Saar, be given full political rights.

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30. French desire for a normalization of the Saar question, and West German desire for EDC ratification and full implementation of the Contractual Accords make both sides anxious to reach agreement on the Saar issue. Therefore, despite the differences in the present positions of the two, we believe that these desires are so overriding as probably to produce some acceptable compromise.

31. Ratification of EDC is also partially dependent upon agreement on the European Political Community (EPC), which is to have political supervision over both the Coal-Steel Authority and the EDC. The French Socialists in particular insist that at least broad agreement be achieved on the EPC prior to EDC ratification, but the main obstacle to such agreement is the division in the French Assembly itself over the extent of the supranational powers the EPC should have. The moderate left seeks relatively broad supranational powers for the EPC. They believe that France will thereby be best able to contain a resurgent West Germany as well as advance Western European economic and political integration. The right is largely opposed to such supranational powers lest France's sovereignty and national interests be progressively undermined.

32. The parliamentary importance to EDC of the EPC question lies in the fact that presently uncommitted votes from either the moderate left or the right are essential to parliamentary approval of EDC. Some 25-30 percent of the French Assembly — the "die-hard" anti-Germans and the Communists — will not vote for German rearmament in any form. Another group, chiefly ex-Gaullists and other rightists, would probably allow some form of limited German rearmament but opposes EDC as involving the disappearance of the French national army. On the other hand, the MRP and most of the Radicals will probably vote for the treaty. Sizeable numbers of Socialists and the bulk of the Independent and Peasant Parties are also probably favorable. There are recent indications that a large bloc of as yet uncommitted Socialist votes will swing toward the EDC if their EPC policies are followed. For domestic political

reasons, however, a right-center government may prefer to seek its support from the right wing, including some ex-Gaullists, perhaps by watering-down the supranational features of the EDC and EPC at the risk of losing the uncommitted Socialist vote. Therefore, the government can probably gain sufficient additional votes from either left or right by suitable maneuver to assure at least a small majority in the Assembly for either the present or a modified EDC. Some further delay may occur in the Council of the Republic, but we believe that with Assembly approval the main obstacle will have been surmounted.

33. The next six months or so will probably be decisive for EDC. We believe that French failure to ratify EDC within this period would mean the virtual abandonment of the present treaty. However, we believe that France will ratify EDC within this period if (a) France's remaining conditions, especially on the Saar, are largely satisfied; (b) it remains convinced no fruitful discussions with the Bloc on Germany are likely; and (c) it is under continued pressure from its allies to ratify.³

34. *Effect of External Pressure on French Ratification.* Left to its own devices France would probably continue to postpone ratification. On the other hand, we believe that the French Assembly would respond affirmatively to continued diplomatic persuasion by

³ The Assistant Chief of Staff, G-2, Department of the Army, and the Director of Intelligence, US Air Force, would have this paragraph read as follows:

"The next six months or so will probably be decisive for EDC. We believe that French failure to ratify EDC within this period would mean the virtual abandonment of the present treaty. Since France is fundamentally opposed to German rearmament and is more apprehensive of the threat of a resurgent Germany than of Soviet Communist aggression, French ratification of EDC continues to be conjectural. Even though France's present remaining conditions including a favorable settlement of the Saar question are satisfied, French ratification cannot be assured unless: (a) France is under continued powerful pressure from her Allies to ratify, and (b) France is convinced no fruitful discussions with the Bloc on Germany are likely."

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France's NATO allies. However, certain types of allied pressure might delay rather than hasten ratification. For example, although we believe that any alternative method of permitting West German rearmament is more unpalatable to the French than EDC, if one of these alternatives were formally proposed by the US or the UK, the French might seize upon the allied proposal as a pretext for lengthy discussions which would further delay West German rearmament.

35. *Effect of French Ratification or non-Ratification.* French ratification of EDC would remove the chief obstacle to its implementation. However, even if EDC comes into effect, France will seek, through its influence in this and other European institutions, to prevent the emergence of West Germany as the dominant Western European power. Because of fears of West German expansionism, the French will almost certainly seek to limit the pace and extent of any German military build-up. France will also attempt to postpone West German admission to NATO. There will be further tensions in Franco-German relations even if EDC is ratified.

36. An outright defeat of EDC in the French Assembly is unlikely, since we do not believe that the government would bring ratification to a vote unless it felt assured of an Assembly majority. Since French failure to ratify EDC in the next six months or so would probably mean the virtual abandonment of the present treaty, we believe that France, fearful of the impact on US policy toward Western Europe, would seek to gloss over failure to ratify by expressing willingness to discuss some form of West German rearmament in association with NATO. Such negotiations would almost certainly prove long and difficult, with France insisting on detailed safeguards at least as effective as those contained in EDC, thus incurring the grave risk inherent in the prolonged delay in the realization of a German military contribution to the defense of Western Europe and intensifying Franco-American and Franco-German frictions. In these circumstances, the cohesion and effectiveness of NATO itself would be endangered.

PROBABLE FRENCH POLICIES IN INDOCHINA ⁴

37. The gradual deterioration of French will to continue the Indochina war has been checked at least temporarily by the Laniel-Navarre Plan and by the greatly increased US financial assistance. The French are reinforcing their own units, accelerating the build-up of Indochinese national armies, and seeking to regain the military and political initiative. Despite strong parliamentary opposition, the French are likely to implement their promises of independence for the three states, on the basis of voluntary association with France in the French Union. No French government could continue the war outside of this French Union framework.

38. However, the implementation of the Laniel-Navarre Plan will probably be the last major French offensive effort in Indochina. We believe that even if the Laniel-Navarre Plan is successful, the French do not expect to achieve a complete military victory in Indochina. They probably aim at improving their position sufficiently to negotiate a settlement which would eliminate the drain of the Indochina war on France, while maintaining non-Communist governments in the Associated States and preserving a position for France in the Far East.

39. In view of its strong desire for a reduction of its Indochina commitments and for a solution of the Indochina problem, France will continue to seek discussion of the Indochina issue in international conferences and will almost certainly favor a conference between the US, UK, France, the USSR, and Communist China on Far East issues. We believe that in such conferences, or in any direct negotiations with the Viet Minh if necessary to obtain an agreement, France would press the US to consent to French acceptance of terms which the

⁴ For a more comprehensive statement of the situation in Indochina see NIE-91, "Probable Developments in Indochina through Mid-1954," 4 June 1953; and NIE-63. However, these papers were published before the Laniel-Navarre Plan developed. The estimates with respect to French policy in Indochina contained therein are superseded by paragraphs 37-41 of this estimate.

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US would regard as weakening the Western position in Indochina and thus in Southeast Asia as a whole.

40. If no negotiations take place within the next 18 months we believe that France will take measures to reduce its Indochina commitment. However, in spite of the burdens of the Indochina war, France recognizes that it derives substantial advantages from its presence in Indochina and would probably continue the war in Indochina, *provided that*: (a) the US assumed virtually the entire financial burden of the war; (b) the planned buildup of Vietnam forces permitted reduction of French forces; (c) the Indochina states maintained their association with France in the French Union; and (d) France continued to receive US support for its position in Europe and North Africa.

41. In the event that the above French conditions were not largely satisfied, France would probably propose UN intervention or direct military participation by the US. Failing in this, France would probably seek in time to negotiate directly with the Communists for terms which would permit withdrawal with minimum loss.

PROBABLE FRENCH POLICY IN NORTH AFRICA⁵

42. In French North Africa, on the other hand, we believe that France is determined to retain control, by force if necessary, since France regards this area as the most vital part

⁵ A fuller examination of France's North African policy is contained in NIE-69, "Probable Developments in North Africa," 12 September 1952.

of its overseas empire. France's deposition of the Sultan of Morocco, its repression of nationalist elements in Morocco and Tunisia, and its insistence on measures which enhance the role of the French "colons" in these areas indicate France's determination to maintain its position in North Africa.

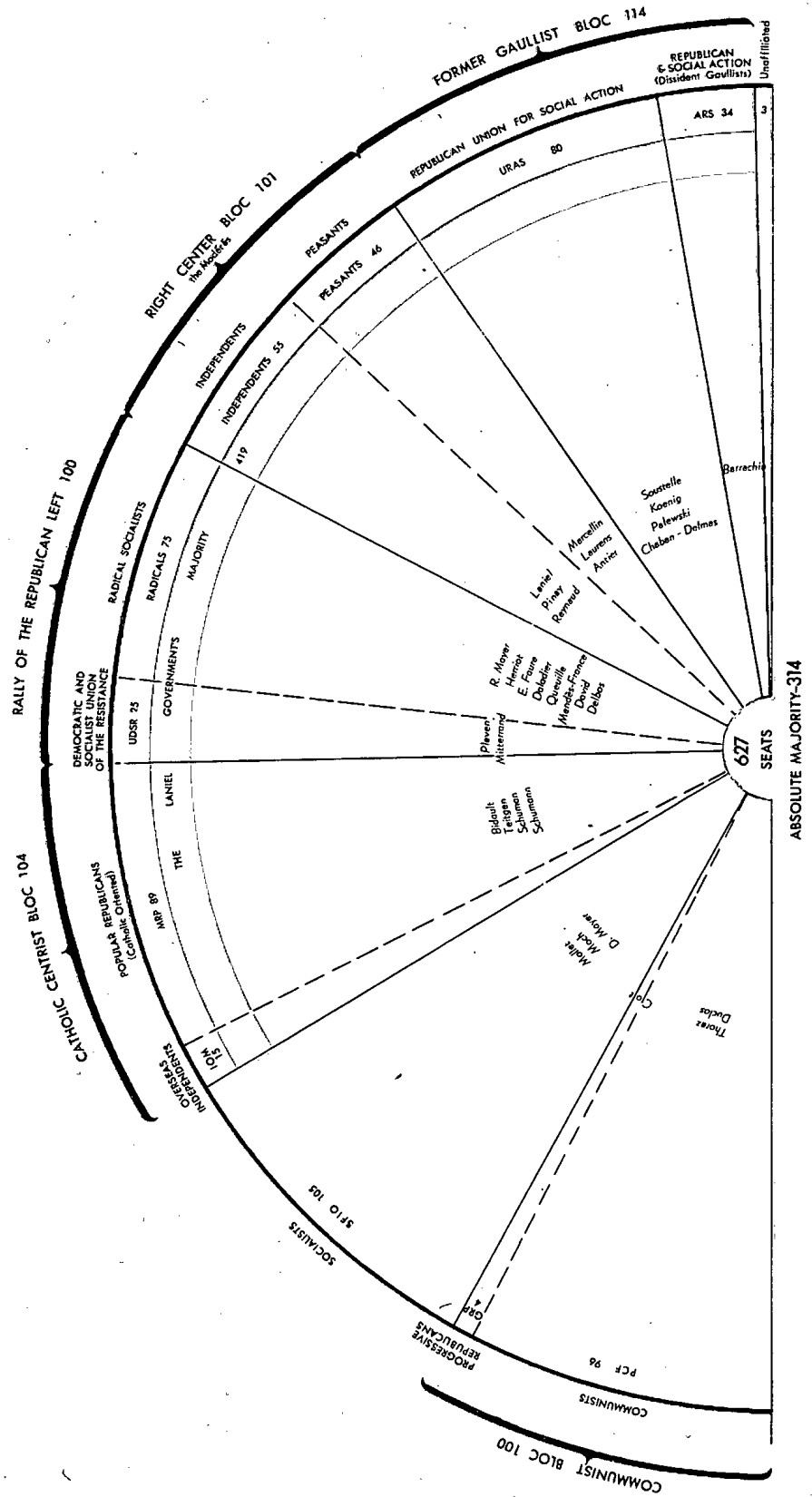
43. The deposition of the Sultan has temporarily bolstered French control in Morocco, but will probably result in driving the nationalists to adopt more extreme positions. The French will probably make some concessions toward local autonomy in both Tunisia and Morocco, but these concessions almost certainly will be neither timely nor comprehensive enough to satisfy the nationalists. In particular, the nationalists will be antagonized by French insistence that the "colons" be given a disproportionately large influence in local government. Nevertheless, we believe that French security capabilities will forestall the development of any serious threat to French control during the period of this estimate.

44. Accordingly, we do not believe that the security of US bases in French North Africa will be seriously threatened during this period. However, widening differences between France on the one hand and the North African Nationalists supported by the Arab-Asian countries on the other, confront the US with a policy dilemma and will throw increasing strains on US relations with both sides. French resentment of any US support of the nationalists will be enhanced by French suspicions that the US is seeking to advance political and commercial ambitions of its own in North Africa.

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ALIGNMENTS IN THE FRENCH NATIONAL ASSEMBLY

As of 9 October 1953



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