

~~SECRET~~

#2
#-F-4

WESTERN EUROPE BRANCH
OFFICE OF REPORTS AND ESTIMATES
CENTRAL INTELLIGENCE AGENCY

WORKING PAPER

BRANCH WEEKLY

NOTICE: This document is a working paper, NOT an official CIA issuance, and has not necessarily been coordinated with other ORE producing components. It represents current thinking by one group of specialists in CIA, and is designed for use by others engaged on similar or overlapping studies. The opinions expressed herein may be revised before final and official publication. It is intended solely for the information of the addressee and not for further dissemination.

DATE: 21 June 1949

DOCUMENT NO. 2
NO CHANGE IN CLASS.
 DECLASSIFIED
CLASS. CHANGED TO: TS S C
NEXT REVIEW DATE: _____
AUTH: HR 70-2
DATE: 10-24-79 REVIEWER: 372044

~~SECRET~~

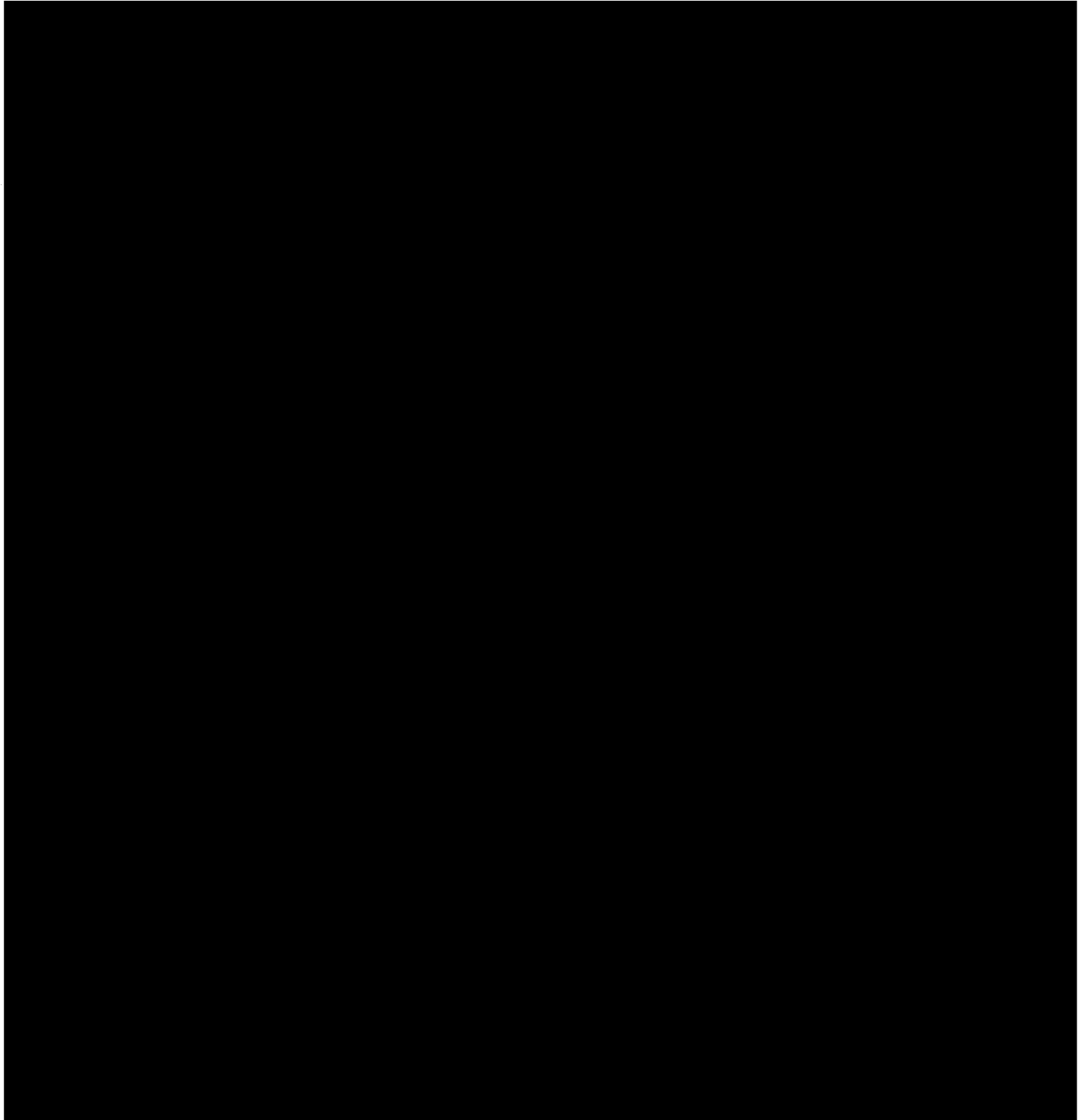
WESTERN EUROPE BRANCH

WEEKLY SUMMARY

VOL. IV - No. 9

For week ending
21 June 1949

25X6A



25X6A

Approved For Release 1999/09/02 : CIA-RDP79-01090A000400010002-5

Approved For Release 1999/09/02 : CIA-RDP79-01090A000400010002-5

A U S T R I A

A Pre-election activity in Austria points to a bitter, hard-fought campaign between the People's Party and the Socialist Party, the two major anti-Communist groups. Contributing to the intensity of the campaign is the revelation by the Socialist Party of a conference, intended to be secret, between representatives of the conservative People's Party and high-ranking ex-Nazi leaders. The People's Party can normally expect to get the support of most of the former Nazis, 500,000 of whom will be voting for the first time since the war. People's Party leaders are, however, evidently trying to make doubly sure, through a definite understanding, that there will be no large-scale drift of ex-Nazis to any new rightist or regional parties that may be formed before the elections, scheduled for October.

The Socialist Party, though it also would like the votes of the ex-Nazis, exposed the secret conference to gain popular support at the expense of its rival and coalition partner. Possibly the Socialists also have a genuine fear that increased Nazi influence in the People's Party would set up a marked rightist trend, which would make a continuation of the coalition after the elections more difficult. Actually, the revelation of the conference is not likely to affect materially the popular support for either party.

F R A N C E

B Labor discontent in France may increase enough to permit the Communists to undertake a series of major strikes in the fall, although the Communist Party is probably too optimistic when it believes that worker support for its strike offensive would be based on solid political as well as economic grounds. The Communists are confident that as a result of the political shift to the Right in the March elections, the Government, under pressure to balance the budget and protect farmers from price deflation, will follow policies which will increasingly alienate worker support. In the attempt to encourage this alienation the Communists will probably build their strike campaign on charges that the Government has not only failed to restore the worker's prewar share of the national income, but has joined reactionary groups in an effort to deprive workers of social security gains and other post-liberation social benefits. They believe that worker resentment over these issues, on which the "unity of action" movement is feeding, will provide the element of political

conviction which was fatally lacking in the strike actions of 1947 and 1948.

It is not likely, however, that the Government's program will develop in a manner to fulfill the hopes of Communist leaders. Despite Premier Queuille's recent accession to the demands of Right and Center groups for a discussion of reforms in the social security system and the nationalized industries, it does not appear probable at the present time that Paul Reynaud and other advocates of such measures will be able to determine the Government's economic policy. Premier Queuille probably has enough political foresight, as well as sufficient numerical strength behind the left wing of his Government, to resist the full demands of Right and Center groups.

It is not certain, on the other hand, that Queuille will be able to adopt the positive measures required to alleviate the worker's legitimate economic grievances. Faced with a large budgetary deficit and opposed by powerful trade and industrial groups, Premier Queuille would encounter serious difficulties in any move to meet labor's demands for wage increases, or for a return to collective bargaining. Unless there is a substantial improvement in the real wages of the worker, labor discontent may become sufficiently great to aid Communist plans.

FRENCH AND SPANISH NORTH AND WEST AFRICA

C A closer cooperation of the African Democratic Rally (RDA) with the French Communist Party (FCP) may result from the French Government's proposed measures to retard further Communist penetration of French West Africa (FWA). These measures are made possible by the establishment of a new coordinated defense area in FWA. Already used by the FCP as a vehicle of Communist activity in FWA, the RDA has lately been flattered by a series of articles in Humanite, entitled "Black Africa" by Pierre Herve, who attended an RDA Congress in Abidjan. Stressing the parallel aims of the RDA and the CP, Herve asserted that an alliance with the Soviet Union is natural in the struggle for liberation of all dependent peoples, especially as the RDA lacks a philosophic theory or a religious doctrine.

Although the leaders of the RDA vote consistently Communist in the National Assembly in Paris, the Party itself has so far insisted locally on denying close affiliation with the CP. The current well-timed Communist solicitude for the RDA is all the more likely to attract support from the more than half a million RDA adherents because of greater French efforts to stifle the movement.

BELGIUM

B Although the return of King Leopold is the major issue in the campaign for the 26 June elections, this issue will probably have little effect on the voters. The people seem unconcerned about the intensified press war over the King, and apparently have already decided how they will vote. The Catholic Party (PSC) has recently modified its assertion that the national elections will be, in effect, a plebiscite on the return of the King. Instead, if the PSC wins a parliamentary majority, it then reportedly plans to hold such a plebiscite. Under this arrangement, the PSC would have an opportunity to make a post-election judgment of the strength of Socialist opposition, in order to determine whether a prompt restoration would result in rioting, and thus prevent the solution of more pressing economic and international problems. This change in PSC views may enable the Party to hold some "independent" Catholic voters who have been lukewarm on the restoration. To counterbalance any benefit that might accrue to the PSC from this tactic, there is Socialist Premier Spaak's personal appeal to the voters, and the desire of many of them to see the present coalition Government continued.

THE NETHERLANDS

A The Dutch Government will be more reluctant to modify its position on the basic issues in conflict with the Indonesians than on the preliminary question of restoring the Republican Government when negotiations on the future status of Indonesia begin. Whereas Dutch and Republican generalizations on the United States of Indonesia and the Dutch-Indonesian Union are not widely divergent, their views on the actual delineation of the powers and duties of the Netherlands and Indonesia within these two proposed groupings are still far apart. The Dutch Government probably will be induced, nevertheless, to continue its policy of conciliation and cooperation because: (1) the same pressures, which early in May produced Dutch agreement on Republican restoration, will continue to operate; (2) the Government is now resigned to substantial independence for Indonesia; (3) it is determined to reach an agreement with the more moderate Indonesian groups as the only alternative to a Communist-dominated Indonesia.

The Dutch attitude in future negotiations will also be influenced by the degree of success achieved by the Republic in controlling its following when it is restored to Jogjakarta. If unrest prevails, the Dutch Government will be less conciliatory in its dealings with the Indonesians.

ITALY

B A sharp debate in the Italian Parliament may be expected on the police and political aspects of the unified Intelligence Service being urged by the Defense Ministry. Despite the military and budgetary merits of the recommended reorganization, it is causing concern and disapproval in some Government circles. The proposals would effect the merger of the Intelligence Branches of the three military services into a single organization under the control of the Defense Minister. The new organization would include a strategic intelligence branch and a counter-intelligence branch, the latter to be a function of the Carabinieri (the national police). General apprehension is felt lest control of counter-espionage by the Carabinieri could result, as under Fascism, in the subversion of the military to political ends, and to an undue concentration of power in the Defense Ministry. One purpose of the unification may be to eliminate penetrations made by the UK and the US into the Italian intelligence services. It is reported that opposition to unification (as contrasted to coordination) has been voiced by the three Chiefs of Staffs and their Intelligence heads, and within the Defense Council by De Gasperi and Sforza. Defense Minister Pacciardi and his group, however, appear to be pushing their proposals vigorously at this time. Their eager activity in this regard, taken in conjunction with reported attitudes on other matters, arouses suspicion of the ultimate designs of the Pacciardi group.

THE VATICAN

B Vatican circles associated with Undersecretary of State Montini are fearful that certain leading prelates in the US--and by association the Church as a whole in the US--are failing to fulfill the Church's function as a protagonist of social improvement. Holders of this view fear that, whereas the Church in Europe has moved with the times more and more in the direction of social reform, US Catholicism, which started as the protector of the impoverished immigrant

minorities, may come to be considered a protector of the well-to-do middle class. These Vatican elements express regret that, in its fight against Communism, certain Church leaders in the US fail to recognize the basic social problems which continue to demand solution. These Vatican circles are particularly disturbed by this development because they feel that the focus of the Vatican's power is shifting from Rome to the US, where the Church is financially strong and is not as directly handicapped by the struggle for survival which engages the energies of the Church in parts of Europe. Implicit in the concern of this Vatican group over the allegedly negative character of US Catholicism is the fear that lack of a dynamic social program in the US will render the Catholic Church less effective in the struggle against Communism.