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WORKING PAPER

BRANCH WEEKLY

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WESTERN EUROPE BRANCH

WEEKLY SUMMARY

VOL. V - NO. 6

**For week ending
23 August 1949**

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AUSTRIA

C The Austrian scrap investigation sparked by Socialist Interior Minister Helmer has run headlong into the delicate matter of Soviet participation in transactions involving the illegal export of Austrian goods. The Austrians, who have a natural reluctance to clash with the Soviet occupation authorities are now faced with the problem of how far to go in the case, and what lines to follow. The investigation, originally undertaken in an effort to eradicate Austrian Communist influence in the economic division of the police, was also the result of Socialist eagerness to expose the long-suspected corruption of People's Party officials in the Trade Ministry and elsewhere. To date, the investigation seems to have succeeded in implicating more members of the economic police than the higher officials. For a while, it appeared that Soviet participation in the scandal would be carefully "toned down" to avoid possible Soviet retaliation, but a presumed leak to the press brought the matter to light.

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The Austrians, apparently believing that it is safer to cry about what the USSR is doing to other countries rather than what it is doing to Austria, are now emphasizing the fact that Soviet scrap dealings have been at the expense of the Satellites, which have given Soviet authorities handsome profits on goods from Austria. Further, the Socialists, in their efforts to reduce the drain on the Austrian economy and at the same time improve their long-term political prospects, have been mainly responsible for the recent reports of accelerated Soviet removals from USIA (Soviet-seized) plants--a practice the Austrians can deplore publicly and legitimately, neatly side-stepping the scrap scandal. Thus the Socialists are establishing their claim to be better guardians of Austria's economy than is the People's Party, which has been far less eager to point up the economic burdens inherent in the treaty, or to report current Soviet economic activity.

FRANCE

A The French Government will probably grant some form of wage concession by early October in order to counteract the growing capabilities of the General Confederation of Labor (CGT) for launching a powerful strike offensive. No general wage concessions have been made so far in 1949, and this policy, together with the overall decline of retail prices, has arrested the postwar wage-price spiral. Any material wage relief would weaken considerably the CGT's present campaign for "unity of action", which could otherwise be pressed persuasively on purely economic grounds. Increased wages, however, might well encourage the recent tendency of farmers and wholesalers toward hoarding of foodstuffs and speculation.

Non-Communist labor leaders are warning the Government of the critical effects which they now expect to ensue from the CGT's campaign. They have emphasized the workers' increasing antagonism toward the Government because of its firm wage control policy. This hostility has been aggravated by the Labor Minister's recent arbitrary grant of a vacation bonus to employees of the social security system. Consequently, the non-Communist leaders are urging the Government to make some wage concession; the leadership of the miners' union affiliated with the "Force Ouvriere", for example, proposes payment to miners of a bonus slightly in excess of the minimum bonus paid to the social security workers, half at the close of the August vacation and half at Christmas. Although the CGT's

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demands extend to the raising of basic wage rates in several ways, prompt approval by the Government of a modest bonus would probably check the expected trend of non-Communist labor toward support of the CGT's strike plans.

The Government is already prepared to ask Parliament in October to unfreeze wages promptly in private industry (most prices were freed in 1948) and restore collective bargaining, as one means of pleasing non-Communist labor leaders and the rank and file in general. Such a measure, however, which would tend to result in a general rise in basic wage rates, will probably be rendered as little harmful as possible by being delayed until the CGT's threat has been dissipated, inasmuch as the measure would: (a) increase the workers' support of the unions; (b) reinforce the will to strike among workers luke-warm about striking against the State's economic policies; (c) heighten management-labor tension in industries where manufacturers held the bargaining advantage; and (d) make it difficult to maintain wage controls in the nationalized industries, where wages are often based on prevailing rates in private industry.

FRENCH AND SPANISH NORTH AND WEST AFRICA

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Women are responsible for a new energy apparent in Communist activities in French North Africa (FNA), especially in Algeria. Communist-front organizations have been organized in Algeria in which women either predominate or are the more active element of a mixed membership. A large part of the success of these groups lies in their ability to enlist the support of numbers of Moslem women, desirous of freeing themselves from their traditional inferior status. These groups are equalled in potential importance for the spread of Communism in FNA only by the Tunisian General Union of Labor (UGTT), which recently affiliated with the World Federation of Trade Unions. The newer organizations--the Union of Women of Algeria, the Algerian Association of the Friends of the USSR, and the Algerian Combatants for Peace and Liberty--probably owe much of their progress to the vigorous guidance of the Women's International Democratic Federation (WIDF), headed by two dynamic Frenchwomen, Eugenie Cotton and Marie-Claude Vaillant-Couturier. The influence of these "front" groups

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among women already bids fair to exceed that of the small Algerian Communist Party among men. The women, by recently emphasizing social reform for both sexes, are becoming very effective in promoting Communism as a practical way of life. The new organizations, naturally, have adopted the usual Communist propaganda lines--in favor of national liberation, and opposed to colonialism, the war in Vietnam, and the Atlantic Pact.

BELGIUM

B Catholic-Liberal differences on social and economic policy and the royal question are not likely to cause the fall of the Belgian Government before Parliament is reconvened in the fall. Discussions on the royal question among the leaders of the three major parties may be continued during the next few months, but it is unlikely that any definitive action will be taken before autumn. Although Premier Eyskens has stated that his Government will make every effort to resolve the controversy over King Leopold and, if it fails, will resign, any attempt to solve the issue without Socialist approval is improbable. If the Catholics and Liberals do agree to try to force a solution, it is doubtful that the Socialist opposition will take the form of a general strike that would threaten economic stability. In an attempt to avoid inter-Cabinet dissension during the Parliamentary recess, the Government probably will proceed slowly on pressing economic and financial issues, although strong Socialist criticism can be expected if there is any delay in measures to relieve unemployment. The proposal to reduce taxes, while increased unemployment necessitates large additional expenditures, may become a political issue within the Government, further weakening Catholic-Liberal cooperation.

THE NETHERLANDS

A The advocates within the Netherlands Government of a conciliatory Indonesian policy will be in a fairly strong position as the Round Table Conference on Indonesian independence begins. Support of the Government's policy in the States-General (Parliament) by the parties represented in the Cabinet was surprisingly strong, even the Catholic Party's conservative parliamentary leader expressing reserved approval. Labor Party support was whole-hearted, and

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Foreign Minister Stikker's Party for Freedom and Democracy, often critical of Government concessions to the Indonesians, gave cautious support. The conservative Christian Historicals continued their critical attitude, but there was no evidence of active opposition to the Government's policy. Even the disclosure by the Minister of Overseas Territories of Dutch reports regarding Republican violations of the cease-fire order did not seem to increase parliamentary opposition to the convening of the Round Table Conference.

The participation in the Dutch delegation of parliamentary leaders representing all political parties (except the Communists) probably will assure approval from Parliament of any agreement the Government may be able to reach with the Indonesians. However, if the Netherlands Government is not satisfied that the cease-fire order is being observed by the Republicans, its attitude at the Conference will become less conciliatory, and conservative opposition to continuation of the Conference, especially from the Catholic Party, will threaten its successful conclusion.

ITALY

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Italy's request that \$32 million of its ECA allocation be used in connection with emigration raises the acute problem of overpopulation, which cannot be solved within the life-time of the ERP. Emigration is an obvious method of draining off excess population, but serious impediments hobble any large-scale Italian program along this line. Not the least of these are the immigration restrictions which obtain in many countries. In those areas available as emigration outlets, Italy's ability to transport and establish its emigrants is greatly limited by lack of capital. Experts estimate that Italy's former colonies, disposition of which has not yet been settled by the UNGA, could absorb only limited numbers of Italian emigrants, even with the large capital investment which would be required for any important economic development.

Efforts within Italy to solve the population problem through direct improvement of agricultural production methods in depressed areas would, if undertaken, be hindered by lack of capital; and expansion of industry to provide new job opportunities would be

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impeded by lack of natural resources, skilled labor and capital. Population experts have recommended birth control as an approach to the problem, but popular opposition on moral grounds prevents any positive national program. This opposition appears to be considerably reduced in Northern Italy, where as is typical in an urban industrial area, the birthrate has dropped so low that the population is not even replacing itself.

Each of these proposals is obviously inadequate to solve the overpopulation problem, and experts consider that all of them together would fall short of solving it. Only progressive urbanization of the South will stabilize Italy's population level. Completion of this development, however, would require at least 15 to 20 years.

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