

File

~~SECRET~~

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. It has been co-ordinated within ORE, but not with the IAC Agencies. It represents current thinking by specialists in CIA, and is designed for use by others engaged in 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: 13 September 1949

DOCUMENT NO. 14
NO CHANGE IN CLASS. LI
 DECLASSIFIED
CLASS. CHANGED TO: TS S C
NEXT REVIEW DATE: _____
AUTH: HR 70-B
DATE 10-29-79 REVIEWER: 372044

~~SECRET~~

WESTERN EUROPE BRANCH

WEEKLY SUMMARY

VOL. V - No. 9

For week ending
13 September 1949

25X6A



- 1 -

~~SECRET~~

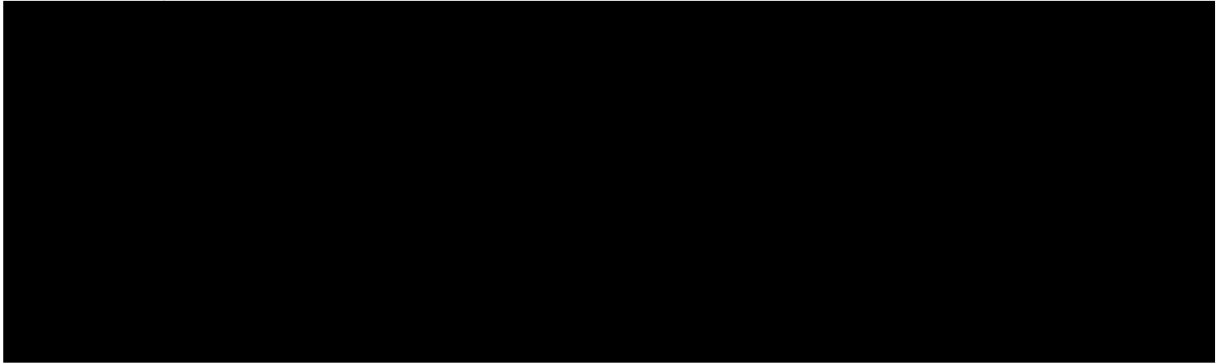
25X6A

Approved For Release 1999/09/02 : CIA-RDP79-01090A000400010014-2

Approved For Release 1999/09/02 : CIA-RDP79-01090A000400010014-2

S E C R E T

25X6A



AUSTRIA

B The failure of the deputies to reach agreement on the Austrian treaty by 1 September poses two immediate problems: (a) what procedure can be found for continuing the treaty talks? and (b) what note can western propaganda on the treaty most effectively strike?

A Soviet reply has not yet been received to the proposal for reconvening the deputies on 22 September in New York. The Foreign Ministers will be in New York at that time, and the western powers made their proposal in the hope that they might thereby continue the talks without delay and yet avoid the necessity of a formal Council of Foreign Ministers.

Most Austrians are in favor of any procedure which will bring them a prompt treaty. Foreign Minister Gruber, however, wishes that western propaganda would lay emphasis, not on the obstacles to agreement found in Soviet economic demands, but on the progress made in London and on the prospects for future agreement. Gruber's view is a reflection of an attitude shared by other Austrian officials who prefer a treaty now, even if it means conceding present Soviet economic terms. Western opposition to the Soviet demands in regard to the oil and shipping properties, based as it is on technical considerations, is not as readily understandable to the Austrians as was western resistance to the USSR on the subjects of frontiers and reparations. The Austrians feel that a treaty is close, and their impatience with the detailed haggling is presently being encouraged by Soviet propaganda.

- 3 -

~~S E C R E T~~

FRANCE

A Another French national labor federation (the predominately Rightist-led General Confederation of Independent Unions--CGSI), will be formed in October and will increase the resistance of non-Communist labor to the political objectives of the Communist-led General Confederation of Labor (CGT). The core of the new movement is a rapidly growing federation, "Work and Liberty," whose leadership was ostensibly purged early in 1949 of Vichy sympathizers. Although the CGSI will not oppose joint strike action this autumn, its leaders have declared their intention of fighting vigorously any indulgence by the CGT in political slogans or actions. Meanwhile, the CGSI will seek to: (a) consolidate existing independent unions; (b) pirate Communist as well as non-Communist unions from the CGT; (c) attract dissident Communist militants from the CGT, thus promoting its break-up; and (d) overcome the independence of the Socialist-oriented Force Ouvriere (FO) in order to effect an eventual merger.

Organizers of the CGSI claim the backing of 613 local unions with 200,000 members. This represents only about one-fifth the numerical strength of the FO and less than one-tenth that of the CGT. The "Work and Liberty" group, however, has won over most of the aggressive Gaullist "labor action" groups, has expanded its membership 50% in the past year, and may be expected with its experienced leadership to exert a considerably greater influence than the relative numerical strength of the CGSI would suggest.

B France's increased productivity (output per man-hour) is likely to be maintained throughout 1949, even if industrial production declines as expected for the second half of the year because of strikes and consumer resistance. During the first half of this year, when production (exclusive of building) hit an all-time peak, productivity ran about 10% over the corresponding period last year. This increase represents a major step forward in the long-term programs for raising living standards and boosting exports. The achievement, however, has not been spread evenly through all lines of industrial activity; productivity in the heavy industries has risen more than in consumer goods industries, especially textiles.

The over-all industrial schedule under the Four-Year Program calls for a 10% increase in production each year from 1948 to 1952. This must be met almost entirely

by improved productivity because neither the total number of employed workers nor the length of the work-week can be appreciably increased. Greater productivity is, moreover, the key to any substantial reduction of unit production costs, which is essential for a rise in real wages and improvement in France's competitive position in world markets.

B An evolution in French policy in recent weeks will facilitate General Assembly agreement on the disposition of Tripolitania (northwest Libya). France, heretofore seriously worried by such steps in Libya as the British grant of self-rule to Cyrenaica (northeast Libya), is now willing to agree to the establishment of an advisory committee for Tripolitania to prepare the area for complete independence. France, however, will press for a Tripolitanian preparatory period of unspecified length, believing that if a time limit is fixed, the General Assembly will not favor a term as long as five years, which France feels is necessary. Although accepting the principle of eventual independence for Libya, France believes that the question of unification of the former Italian colony should be considered separately. The French will endeavor to ward off the establishment of a united Libya under a strong religious ruler such as Sayid Idriss al Senussi, Emir of Cyrenaica, whose influence extends beyond his state and would undermine French control of Tunisia, Algeria, and Morocco.

FRENCH AND SPANISH NORTH AND WEST AFRICA

C The recurrent efforts by Habib Bourguiba, former leader of the Tunisian nationalist Neo-Destour (Constitution) Party and self-exiled in Cairo since the end of 1946, to promote US support for North African independence are again under way. With every session of UNGA, Bourguiba revives his activity, and as in 1947, he plans to visit the US in another attempt to evoke the interest of the assembled delegates in liberation from French control of his native Tunisia and its neighbors to the west, Algeria, and Morocco. Bourguiba's prolonged absence from Tunisia and the failure in Cairo of the Committee for the Liberation of North Africa to accomplish anything positive in the three years of its existence, (largely because of the lack of help from the Arab League) have greatly lowered Bourguiba's prestige and will weaken his influence in promoting North African independence.

Realization of his position may induce Bourguiba to change his mind about visiting the US, and return instead to Tunis, where he would risk arrest for having departed illegally three years ago. Bourguiba's intention to reinvigorate the nationalist movement in Tunisia, which is decaying for lack of forceful leadership, will not be relished by the present Neo-Destour Party leader, Salah Ben Youssef, who is equally ambitious and energetic. If Bourguiba returns to Tunis, a clash between these Tunisian nationalist personalities is likely, and the French will take full advantage of any struggle for leadership, in conformity with their policy of divide and rule.

THE NETHERLANDS

A The area of Dutch-Indonesian disagreement at the Hague Conference probably will be narrowed considerably within the next few weeks. The Dutch and Indonesians seem to understand each other's views better than ever before, and each is avoiding a final position that could cause the break-up of the Conference. There is evidence of a modification of the Dutch concept of the Netherlands-Indonesian Union, and at the same time a realization by the Indonesians of the need for Dutch economic assistance and guidance. It is clear, however, that these are two of the important questions on which it still will be extremely difficult to reach agreement. The practice of the Dutch and Indonesian delegations at the Hague Conference of exploring fully at the sub-committee level the various problems under discussion before presenting formal views probably will facilitate agreement when the final decisions are to be made at a higher level. It has the disadvantage of delaying high-level consideration of controversial issues, and probably will prevent conclusion of the conference work by mid-October, the deadline set by the Republicans. If substantial progress has been made by that time, a delay of a week or so probably will not endanger the possibility that a satisfactory agreement can be achieved. Nevertheless, tangible results must be evident within the next few weeks to prevent pressure on the delegations from their respective parliamentary groups, press, and military forces for a "take-it-or-leave-it" showdown.

ITALY

A A fresh and sustained effort to supplant the present "soft" policy of the Italian Communist Party (PCI) by a "hard" policy may be portended by the charges of deviation recently leveled by para-military leader Luigi Longo against Communist Senator Umberto Terracini. The hard faction led by Party vice-secretaries Longo and Secchia favors a small, well-disciplined party, trained for underground work and prepared for the seizure of power by violence at the appropriate time. This is in contrast to the presently dominant soft policy of Togliatti which favors a mass political party and legal tactics. Terracini subscribes to the soft policy.

This fundamental policy dissension erupted at the May 1949 meeting of the Cominform in Prague when Togliatti attacked Longo for his mishandling of the violent popular reaction to the attempted assassination of Togliatti in July 1948. Longo defended himself by asserting that events were beyond his control. He then counterattacked Togliatti and his soft policy indirectly by leveling charges of nationalistic and bourgeois deviation against Terracini.

Terracini's prestige among the middle class and the intellectuals has been instrumental in building the mass party. But his record of undisciplined statements make him an easy target for the Longo group. In 1939 he spoke against the Soviet attack on Finland, and in 1947, while president of the Constituent Assembly, he stated openly that both the Soviet Union and the US should keep their hands out of Italian political affairs.

In a defense submitted to the Cominform, Terracini upheld his policy of working with bourgeois elements and attributed the present anti-Communist atmosphere in Italy to the intransigent behavior of Longo. The Cominform is reported to have cleared both Terracini and Longo and to have instructed Togliatti to eradicate the dissension among the top PCI leadership.

The Cominform "settlement", however, must be regarded only as a necessary piece of temporizing by the Cominform. The following developments cited by Longo as evidences of lack of PCI discipline and organization make the establishment of internal harmony very difficult: (1) the losses in PCI mass strength and appeal reflected by the party's failure to get even half of the 8 million signatures promised for the anti-Atlantic Pact petition, (2) PCI losses in the labor field

indicated by failure to hamstring the NRP, and (3) the discredit, thrown by the recent Papal decree, on Togliatti's leniency toward religion. By linking these points with the deviation charges against Terracini, Longo plays upon the Cominform fears of the spread of Titoism.

The PCI is expected to continue in its present predicament for some time. Although neither a radical change of policy nor a withdrawal of either faction, is likely in the near future, the dissension may be aggravated as PCI influence continues to wane. Eventually, the Cominform may grant a more dominant role to the Longo hard policy.

THE VATICAN

B

The necessity for espousal of an aggressive socio-economic program by Catholic political parties will be increasingly emphasized by Roman Catholic Church spokesmen. The need of such a program is stressed by the recent Papal decree which makes it difficult for Catholics to take refuge in the Communist program. Pope Pius, in his recent radio address to the National Council of German Catholics, stressed the traditional role of the Church as "mitigator" of social inequalities, deplored the "defects of the economic system" and pointed to Catholics as the best agents for preventing a widening of the schism between labor and management. A spokesman for the German Catholic Bishops, too, has announced that the Church regards the solution of the social question as its most pressing task; and in Italy, the Tuscan hierarchy calls for better national and international understanding of the "dangerous" unemployment situation and condemns the egotism which considers only "profit and individual gain". These utterances show a recognition on the part of Vatican leaders that, although the Church is engaged in a crucial struggle in eastern Europe, it has more to lose in western Europe, where Catholics retain freedom of action and where Communist parties can eventually benefit from the failure of non-Communist governments to take action on necessary social reforms.

Various difficulties, however, stand in the way of tangible accomplishment. Strong currents within the Vatican and within the national Catholic parties oppose any sweeping changes and will work to prevent them.

- 8 -

~~SECRET~~

Furthermore, the increasing tendency of Catholic parties to dissociate themselves from coalition with the anti-Communist Socialists tends to divide the progressive forces that together might have been able to achieve reforms which elements in both groups agree are urgently needed.

- 9 -

~~SECRET~~