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WESTERN EUROPE DIVISION
OFFICE OF RESEARCH AND REPORTS
CENTRAL INTELLIGENCE AGENCY

DIVISION WEEKLY

For week ending 12 December 1950

13 December 1950

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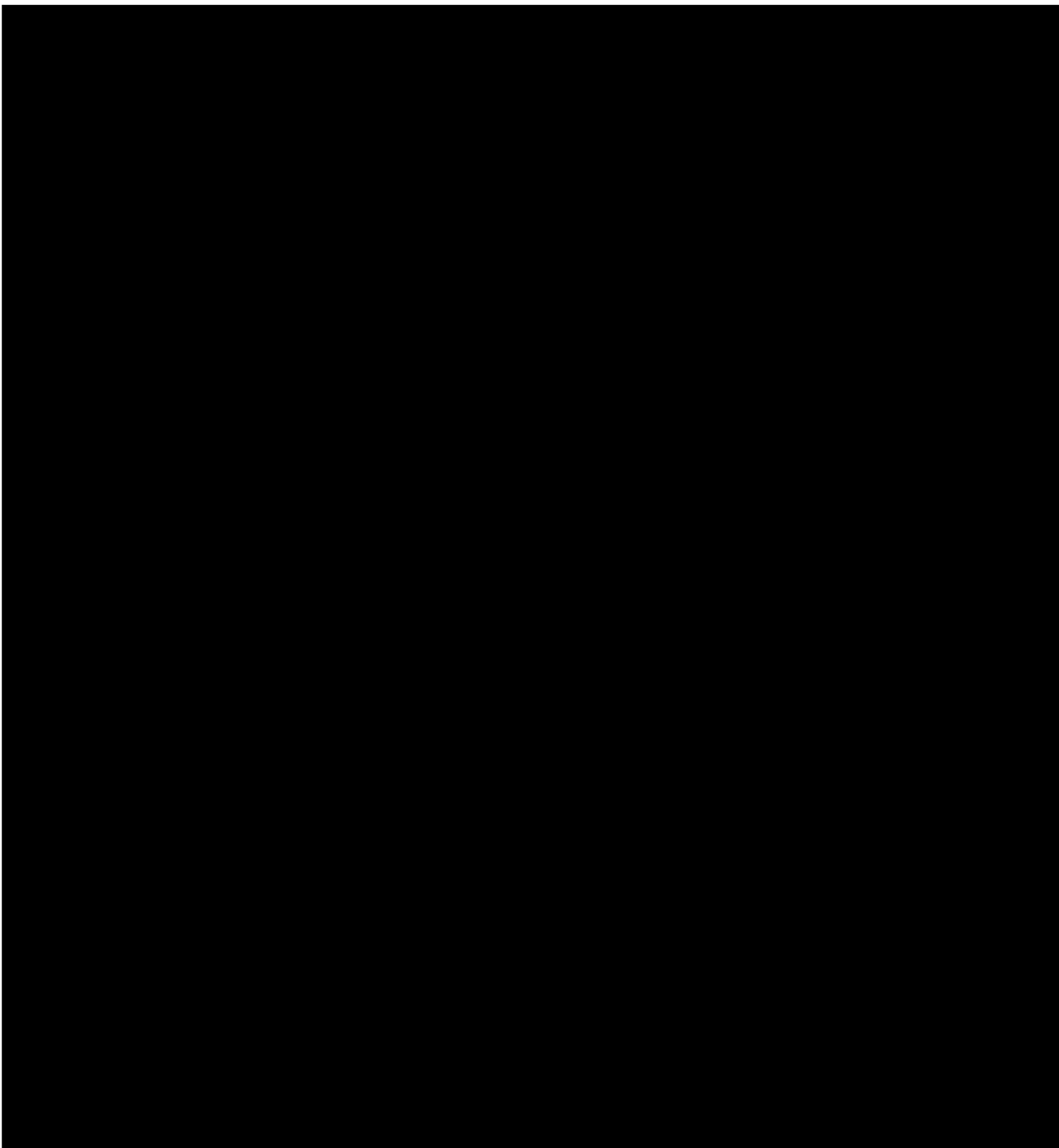
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WESTERN EUROPE DIVISION

WEEKLY SUMMARY

For week ending
12 December 1950

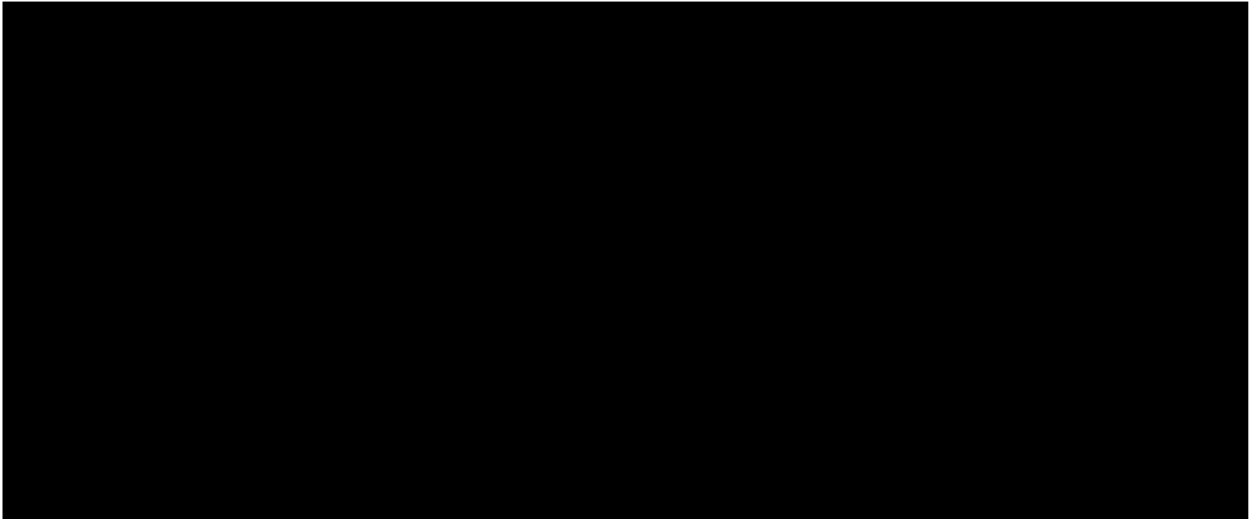
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AUSTRIA

The unemployment problem in Austria is rapidly reaching critical proportions and may result in social unrest, political tensions and increased Communist disturbances. Reliable estimates indicate that unemployment for the first half of November was already 108,000 persons, 5% of the work-in population, as compared to 69,549, 3% of the working population last year. This winter's seasonal peak in January and February may well exceed by about 55,000 last year's total of 195,000 unless emergency measures are adopted. Austria's employment situation is characterized by immobility of workers due to the housing shortage, ineffective training programs, a labor supply increasing beyond the present capacity of the economy to absorb new job seekers, and increasing seasonal unemployment. Even if the Austrian economy receives supplemental foreign aid to carry out emergency relief projects now being planned, the situation will be relieved only temporarily. Current trade liberalization efforts and decreasing foreign aid will require adjustments in the economy and effective planning, however, long range prospects for full employment are not encouraging, and increasingly serious unemployment crises may be expected periodically.

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SWITZERLAND

Growing pessimism as to the ability of Switzerland to stay out of any new world war is increasingly prompting the Swiss to plan measures to assure the availability of Swiss resources to the West in such an event. Until they are actually attacked, however, the Swiss will probably continue to profess their traditional neutrality. They believe that if the Soviet Union attacks Europe their own country will be by-passed initially and that no attempt will be made to invade their territory until Soviet forces have been consolidated in the rest of Europe. They feel, therefore, that there is a slim possibility they may once again escape involvement in war. Nevertheless, the Swiss have become acutely conscious of the fact that their status of neutrality has been seriously weakened through the disappearance of the balance of power between the principal European countries and that as a consequence their traditional foreign policy is no longer a guarantee of national security. As a result, although unwilling for the present to jeopardize their privileged position of neutrality, the Swiss are increasingly compelled to admit in their national planning that the survival of Switzerland is clearly identified with the survival of the West.

ITALY

Many Italians are now apprehensive lest the US become so occupied in a major war with the Chinese Communists as to prevent it from effectively participating in the defense of Western Europe. Particularly disconcerting to most Italians has been President Truman's statement regarding the possible use of the atom bomb. They fear that the US and the UN have been drawn into an inextricable position in the Far East, and hope that the US will be restrained from any over-impetuous action by the counsel of Western European statesmen.

Should the fears of these Italians be realized, Italy's will to resist aggression would be further weakened and observance of its NATO commitments would be jeopardized, even though these Italians fully aware of the present international crisis are emphasizing the need of Western Europe to speed up its own rearmament.

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During the past year Italians have become increasingly skeptical of the ability of the US to protect Western Europe from the USSR. Despite the Italian Government's support of US-UN action in Korea and current efforts of the Defense Ministry to accelerate the nation's rearmament program, a substantial sector of the population is war-weary and neutrality-minded. This hope of "sitting out" a clash between the US and the USSR has been assiduously fostered by the peace campaign of the Italian Communists and by various nationalist groups, including a sector of the Christian Democratic Party.

The resulting neutrality sentiment might, should the Korean campaign develop into a full-fledged conflict between the US and Communist China, become sufficiently strong to force the Government to rescind, or at least to delay indefinitely, implementation of its pro-Western policies and particularly its commitments under the NATO. Public pressure might become so insistent as to result in the fall of the De Gasperi administration and its replacement by a government possibly dominated by the neutrality-minded Dossetti group, which would seek to assure Italy's non-involvement in a global war through a temporizing policy vis-a-vis the USSR.

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