

**"Our Own Cards"****Some Reflections on the Materials for a "Strong Policy"**

If the "tougher" and more bargaining type of diplomatic technique - long-term "educational" policy - recommended in memorandum "C" of this series, is to be pursued with the Soviet Union, it may be of interest to list some of the innumerable powerful cards which western civilization holds:-

**a) REPARATIONS**

The United Kingdom, United States, and France will occupy three-quarters of Germany including the main industrial zones. The Soviet Union is banking mightily on reparations, and nervousness about this probably explains in part the ungracious aspersions of fraud and trickery which have typified Soviet reactions to the speedy advances on the western front.

It would be disastrous to pursue a mild policy toward Germany (or Japan) in the hope of using it as a partial eventual counter-weight to the Soviet Union. Our enemies will be quick to exploit mutual western-Soviet suspicions, preparatory to new attempts at military aggression.

But control over western and southern Germany and consequently over reparations in kind and in manpower, could be used to ensure that the Soviet Union for its part observes its international undertakings regarding countries in "the Soviet sphere".

**b) POST-WAR CREDITS, FROM THE UNITED STATES, CANADA, ETC., FOR FURTHER SOVIET INDUSTRIALISATION**

It would seem to be supremely foolish to commit ourselves at once to the full extent of possible long-term credits. Separately negotiated credits, to cover imports for say one year ahead, would give us incomparably greater, and more durable, political bargaining power.

The dangers of unemployment in capitalist countries may indicate treatment of credit negotiations as primarily a matter of commercial, and domestic political, policy. Any such superficiality on the part of western civilisation might some day be very costly. It is not irrelevant to reflect on the fiasco of reparations plus international loans after World War I.

**c) ASIA**

Similarly, for ultimate strategic reasons and in order to maintain a preponderance of weight and hence of bargaining (and educative) potential, it would seem wise for the western democracies - principally of course the United States - to invest in China, India, the Middle East, Africa and Western Europe, more than pari passu with loans to the U.S.S.R. Incidentally, this would involve organization and a considerable amount of social planning by us in these areas. The Soviet Union's commercial credit is unquestionably first-class, whereas only our own organising ability (applied in new and semi-socialistic ways) can make the commercial credit-worthiness of say China or India as sound.