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France has ceased to be our ally but has not become our enemy. The Government at Vichy controls less than half the territory of metropolitan France, and even in that area operates under constant enemy pressure and threat. Yet France is neither enemy territory nor enemy-occupied territory, it has a precarious fence-sitting freedom, a limited neutrality. The latest official British appreciation of the situation (Secret D.454 of September 6th), states in substance:-

"In the unoccupied area conditions are deteriorating rapidly. The dislocation caused by closing completely the frontier between unoccupied and occupied France may be designed by Germany to prepare French opinion for total German occupation as the lesser of the two evils.... The Vichy Government is divided into two groups, one prepared to set a limit on concessions to the Axis, the other ready to play France wholly into German hands. These disintegrating influences may bring the collapse of the Petain Government in a few weeks and provide the Germans with an immediate pretext for total occupation. Hatred against Germany is growing. Unofficial opinion is strongly in favour of Great Britain; many however doubt whether de Gaulle has sufficient status for rallying the French nation, and still regard Petain as the last hope of unoccupied France.

But whatever the precise percentage of present German control may be, unoccupied France, while not an enemy country, is clearly too much exposed to enemy pressure to make it safe to allow its government to take over any funds in our charge. At the same time, it may be considered still more entitled than institutions in occupied France to ask us to be honest "custodians" of those funds for the future. ■

■ See note at end re changes in international law as to enemy property.