START

DÉBUT

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

REEL

48

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

MICROFILMED BY CENTRAL MICROFILM UNIT

MICROFILMÉ PAR LE SERVICE CENTRAL DU MICROFILM

Public Archives Canada

Archives publiques Canada

Ottawa, Canada
K1A 0N3

DATE 26-9-1985 CAMERA W·8

OPERATOR · OPÉRATEUR 5-17

REDUCTION 15× DATA 06-83-821

ARC-178 (12-75)

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

CANADA

PUBLIC ARCHIVES
OF CANADA

ARCHIVES PUBLIQUES
DU CANADA

This microfilm is a true copy of original documentation in the Public Archives of Canada. It is provided for research purposes only. Permission to reproduce it must be obtained from the Public Archives of Canada. Responsibility regarding questions of copyright that may arise in the use of this microfilm is assumed by the recipient.

Ce microfilm est une copie exacte de documents conservés aux Archives publiques du Canada. Elle a été préparée pour fins de recherche seulement et ne peut être reproduite sans la permission des Archives publiques du Canada. Le récipiendaire sera tenu responsable de toute infraction au droit de propriété de ce document.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

W.L.M. KING PAPERS

Memoranda and Notes

1940-1950

MG 26 J 4 Volume 323

Pages C222431-C223300

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Portugal

OUTWARD TELEGRAM

C222672

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

C 5649/612/G

[EN CLAIR] WAR CABINET DISTRIBUTION

FROM FOREIGN OFFICE TO LISBON

No. 167. Saving.

9th May 1944.

Repeated to Washington 176. Saving.

rrrrrr

SECRET

Your telegram No. 614 [of April 7th: plan for the defence of the Portuguese mainland].

His Majesty's Government have carefully considered the Portuguese comments on the Anglo-Portuguese plan for the defence of the Portuguese mainland transmitted in your despatch No. 98 [of March 24th].

2. From the military point of view there are no good reasons why His Majesty's Government should abandon the present position under which they are obliged to do nothing more than to prepare a plan. His Majesty's Government are opposed to the assumption of definite military commitments in regard to the Portuguese mainland, however remote the circumstances which would evoke their application. At the same time they are anxious that nothing should be done or left undone which might lead the Portuguese Government to circumscribe or detract from the facilities which they grant to us in the Azores. It is operationally vital to exploit those facilities to the utmost.

3. In these circumstances His Majesty's Government do not favour the suggestion in paragraph 4 of your despatch No. 98 that it might be desirable to agree to the extension of their commitments in the defence plan to cover the event of an attack developing on Portugal as a result of her breaking off relations or declaring war on our enemies.

4. In any case, as you suggest in your telegram under reference, there can clearly be no question of considering the Portuguese proposals while Dr. Salazar maintains his present attitude over wolfram. You may think it best to return no reply at all to Dr. Salazar's note of March 16th until the wolfram question has been settled. If you consider it desirable to make some acknowledgement, you should merely inform Dr. Salazar that the moment when he has refused to meet the requirements of His Majesty's Government over wolfram is hardly an appropriate time to ask them for a serious extension of their undertakings in regard to the defence of Portugal.

/5....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222673

5. You also suggested in your telegram under reference the possibility of withdrawing the British Air Mission from Lisbon as a mark of displeasure at the behaviour of the Portuguese Government. I doubt whether the withdrawal of the Air Mission would in fact be likely to influence Dr. Salazar over wolfram and after consultation with the appropriate Service authorities I consider that the matter should not be pursued further for the present.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

U.S.S.R

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

C222674

[EN CLAIR]

POLITICAL DISTRIBUTION

FROM MOSCOW TO FOREIGN OFFICE

Sir A. Clark Kerr
No. 1217
9th May 1944.

D. 10.24 p.m. 9th May 1944.
R. 7.40 a.m. 10th May 1944.

222

Moskovski Bolshevik May 8th contains article by V. Linetski entitled "Fascist Empire Ring of Universal Hatred". Red Army successes had been great stimulus to the struggle of the oppressed European nations and Germany's rear had become a furnace of hatred. The resistance movement had upset the theory of abstention from the conflict and unnecessary losses upheld by international reactionary circles. Resistances were described in Yugoslavia, France, Denmark and Belgium where the movement benefited from the example of Russian partisans. The National Army of Liberation in Yugoslavia and the Greek Elas were holding German divisions and weakening the defence of the European fortress. Explosive material in the West would make itself felt with the first blow from the sea. The Anglo-American invasion forces would meet experienced warriors schooled in the bitter struggle with the Fascists. Germans were exhibiting anxiety at the growing French resistance which they described as "a real menace". The power of Fascist Germany had been undermined and the Garrisons in the West were weakening. Transfers of German divisions Eastwards were creating favourable conditions for blows against the European fortress from the sea and from the French resistance movement.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Portugal

C222675

AMENDED DISTRIBUTION (10th May, 1944)

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on.]

[CYPHER] WAR CABINET DISTRIBUTION

FROM LISBON TO FOREIGN OFFICE

Sir R. Campbell.
No. 815.
9th May, 1944.

D: 2.00 p.m. GMT 9th May, 1944.
R: 4.28 p.m. DBST 9th May, 1944.

@@@ @@@ @@@

MOST IMMEDIATE

My telegrams Nos. 811, 813 and 814.

I fear we can only infer that Salazar's obstinacy remains unshaken as regards embargo. I have little doubt that our own efforts to bring him to reason supported by those of the Brazilian Government and of General Smuts and the intervention (so far as it went) of President Carmona will have decided Dr. Salazar to go to what he will regard as the furthest possible limit in the way of reduction of German quota. If he were not the man he is, he might yet retain some measure of British goodwill whilst preserving his principle and saving his face by reducing German quota to a purely symbolical figure. I doubt however whether having decided not to go the whole hog he will take this course.

2. When he sends for me he will presumably announce the extent of the reduction he has decided on. If I see him before you have had time to get specific instructions to him [sic: ? to me] and decision is unsatisfactory, I propose to go over the ground with him once more; make a particularly urgent appeal to him on humanitarian grounds (prolongation of the war in all its aspects) and for the sake of the alliance; and then beg him not to make public a decision which will let loose a storm of indignation in England and must lead inevitably to consequences of the gravest character until you have had time to communicate with him once more.

3. This might be the moment for a personal letter from the Prime Minister (with which the Dominion Ministers might perhaps associate themselves) warning Dr. Salazar of the consequences which must follow if he maintains his decision. There is perhaps an off-chance that it may move him where other methods have failed.

4. Before however that course is adopted, we must decide what steps would be taken and carried through if it failed and whether we should stand to gain or lose in the long run.

/5.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

(W2332)

C222676

5. My observations on these points follow as soon as possible.

6. There may be advantage in my having no (repeat no) instructions for the coming interview except such as you may wish to give me for my own guidance.

7. Since drafting the above, I have received your telegram No. 668. I do not think that broadly speaking it need modify what I propose to say to Dr. Salazar except that I will be a little more circumspect in speaking of the consequences if the reduction proposed [? grp. omitted: ? appears] to offer anything like a tolerably acceptable settlement. I have just been summoned for 5.00 p.m. this afternoon.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222677

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

AMENDED DISTRIBUTION (10th May, 1944)

[CODE R] POLITICAL DISTRIBUTION

FROM ALGIERS (AMBASSADOR) TO FOREIGN OFFICE

Mr. Duff Cooper
No. 544 D. 11.50 p.m. 9th May, 1944

9th May, 1944 R. 9.00 a.m. 10th May, 1944

X X X X

IMMEDIATE

Your telegram No. 443.

Following appears to be relevant passages as reproduced in Algiers Press.

[Begins].

2. What has been accomplished during the last 341 days from the point of view of rallying the immense mass of Frenchmen in the war round their Government will reassure certain anxious friends who it appears are sometimes fearful lest they will find during the course of liberation a France which is still feudal and which will split up under several different administrations. In truth we Frenchmen cherish none of these doubts or fears. For we know where France is; we know she exists in her people openly or secretly formed up against the invader; in an army; in a fleet; in an air force eager to strike the enemy and entirely under the orders of a National Government; in this traditional diversity of sentiments and tendencies which is to-day merged in unexampled unity and which sweeps away at the appropriate time all intrigues and all divisions.....

3. At the moment when the armies of freedom are preparing to bring to our soil vicissitudes and the destruction of battle; at the moment when our population is stoically undergoing air bombardments preparatory to landings; at the moment when ideas and sentiments from which the future world order will emerge are taking shape we ardently desire that French realities should be firmly recognised. In the beginning they alone will be able to serve as a basis for practical arrangements which will permit the Allied armies and their command when they set foot on Metropolitan soil to concentrate on their task which is, and should remain, exclusively strategic. It is all the more regrettable that interruption of communications between the French Government and its diplomatic and military representatives in London creates a situation which makes it clearly impossible to make any arrangements in this respect. But despite this obstacle like all others we are perfectly confident of the issue of the great battle which will put to flight the detested

enemy.....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222678

enemy. We are convinced that France herself will know how to deal with what appertains to France. We have firm hope that the victory which approaches will leave peoples who were invaded as well as those who were not, in friendly and reciprocal state of mind required for their mutual co-operation and the future of all of them.

4. Full text follows by bag.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222678

enemy. We are convinced that France herself will know how to deal with what appertains to France. We have firm hope that the victory which approaches will leave peoples who were invaded as well as those who were not, in friendly and reciprocal state of mind required for their mutual co-operation and the future of all of them.

4. Full text follows by bag.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

C222679

[CODE R.]

POLITICAL DISTRIBUTION

FROM ALGIERS (AMBASSADOR) TO FOREIGN OFFICE

Mr. Duff Cooper
No. 543
9th May, 1944

D. 5.50 p.m. 9th May, 1944
R. 9.0 p.m. 9th May, 1944

Repeated as in my telegram No. 536

77777

My telegram No. 536 paragraphs 4 and 5.

For April 5th read May 5th.

Please repeat Lisbon as my telegram No. 21 Saving and to Madrid as my telegram No. 22 Saving.

[Repeated to Lisbon as Foreign Office telegram No. 168 Saving and Madrid No. 83 Saving]

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Argentina

C222680

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on.]

[The text of this telegram must first be paraphrased if communicated to persons outside British or United States Government service or if retransmitted in a cypher system other than O.T.P.]

[CYPHER]

WAR CABINET DISTRIBUTION

FROM RIO DE JANEIRO TO FOREIGN OFFICE

Mr. Broadmead
No. 239
9th May 1944.

D. 8.25 p.m. 9th May 1944.
R. 6.10 a.m. 10th May 1944.

Repeated to Buenos Aires
Washington

222

Buenos Aires telegram No. 492. to you.

I asked the Secretary General of the Ministry for Foreign Affairs today whether the honours paid by the Argentine Government to the late Brazilian Ambassador were likely to affect the present general attitude towards the Argentine Government. He said that he saw no reason why that attitude should be affected and implied that one more complication in an already anomalous situation did not really matter. In general he seemed more depressed than when I last discussed the Argentine situation with him for with the passage of weeks he seemed to see less and less prospect of finding a way out of the deadlock. I asked him of he thought the May 25th celebrations would bring the matter to a head but he did not seem to think that would be the case.

Incidentally he told me the Argentine cruiser would remain here until after the Ambassador's funeral.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222681

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on.]

[CYPHER] WAR CABINET DISTRIBUTION

FROM TANGIER TO FOREIGN OFFICE

His Majesty's Consul-General. D. 8.25 p.m. 9th May, 1944.
No. 164. R. 11.5 p.m. 9th May, 1944.
9th May, 1944.

Repeated to Governor Gibraltar No.80.

99999999

In view of Madrid telegram to Foreign Office number 707 (repeated to Tangier as 51) I should be grateful to receive a directive as to how you wish British United Kingdom press to treat Tangier [grp. undec. ? German] question in order that I may give advice to such local press correspondents as seek it. Meanwhile I understand certain rather violent articles have been sent from here. Mr. Yencken apparently wishes agreement to be hushed up so as not to humiliate Germans and Spaniards. While I can of course understand this from Madrid standpoint we here would like to make as much capital out of it as possible through our publicity organs.

2. B.B.C. and Gibraltar radio have been giving out that Dr. Reith is still in his Consulate General Tangier. Might they be informed that Reith left Tangier October 1943 and has not returned since because we stopped him from doing so. Mohr is present Chargé d'Affaires.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Spain

C222682

AMENDED DISTRIBUTION 10/5/44

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] WAR CABINET DISTRIBUTION.

FROM TANGIER TO FOREIGN OFFICE.

Mr. Gascoigne. D. 12.22 p.m. GMT 9th May, 1944.
No. 163.
9th May, 1944. R. 3.20 p.m. DBST 9th May, 1944.

Repeated to Madrid No. 142.
Tetuan Saving.

£ £ £ £ £

My telegram No. 160.

Feeling of immense satisfaction which had permeated this zone immediately following the statement which you made in the House of Commons on May 2nd is now becoming divided. British and foreigners of all nationalities are openly criticising lack of implementation by the Spaniards of the Anglo-Spanish agreement and we shall soon become a laughing stock unless the Spaniards can be induced to take action and close the German Consulate. The average comment in Tangier to-day concerning our agreement with Spain is "this is all very well but how and when?" If we cannot soon secure satisfactory action against the Germans, what should have been a notable victory for the United Nations will be turned temporarily at least into an ignominious defeat. German strength in resisting the closing of their Consulate is the keynote of German propaganda here.

2. I mean to put permanent pressure on Orgaz and I have suggested to my United States colleague that he should go and see him in a day or two while I shall see him again early next week.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Middle East
U.K-U.S

C222683

[illegible]

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[Cypher]. WAR CABINET DISTRIBUTION

FROM JEDDA TO FOREIGN OFFICE

Mr. Jordan
No. 153
9th May, 1944.

D. 5.20 p.m. 9th May, 1944.
R. 1.10 a.m. 10th May, 1944.

Repeated to M.E. Min.

/////

IMPORTANT

My immediately preceding telegram.

Following is text referred to in my immediately preceding telegram.

[Begins]. Mr. Moose requested His Majesty's permission to discuss certain matters which he wished to submit to His Majesty. He began by referring to United States Government's proposal that an educational mission composed of five students should be sent to the American university in Beirut at the beginning of the coming scholastic year at the expense of the United States Government. The students would remain for a period of two years to take a course of university studies. His Majesty thanked the United States Government for their decision in this matter.

2. Mr. Moose next read out to His Majesty a memorandum which he had received from his Government containing an exposition of United States Government's oil policy as regards world oil which had been formulated on the occasion of the current talks in London on the subject of oil. The text of this memorandum is as follows:

Memorandum.

The United States Government will strive to ensure that those Governments which obtained concessions shall derive reasonable profits from oil wells operated by American concessionaires. Exploratory talks are at present taking place with the British Government on the technical side, and the latter wish to come to an understanding as regards principles of the whole question before entering into discussions between ministers of the two countries concerned.

3. The reasons why the present discussions are restricted to these two countries only are

(1) because of the existence of vital and urgent questions which directly affect the interests of these two countries only and

(2) because of the necessity for reaching an agreement regarding mutual interests of the concessionaires of the two parties concerned.

/4.....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222681

4. No decision or action will be taken which might prejudice or otherwise affect the rights of a third country. The United States Government desires to reach a general agreement on oil at an early date which will include all parties concerned in the oil question. The United States Government have therefore decided to arrange with the other countries concerned for a general conference to be held to do with oil. When the United States Government announced that discussions would be held with the British Government they at the same time announced their preparedness to hold similar discussions with any other Governments in order to conclude agreements embracing mutual oil interests of these Governments and the United States.

5. The above communication was made to His Majesty by Mr. Moose who went on to raise yet another question, namely the laying of an oil pipe line in Saudi Arabia. Mr. Moose stated that this question would not be discussed in London although it might be mentioned by chance. It would not be aided by [grp.undec ?rapid] [grp.undec] as a matter for discussion. The United States Government will, at such a time as a definite scheme will have been elaborated, discuss details thereof with the Saudi Arabian Government.

6. His Majesty in reply thanked Mr. Moose and stated that he would discuss the question of the pipe line when a detailed scheme had been submitted to him.

7. Mr. Moose then spoke about the 10,000,000 rials to be minted for the Saudi Arabian Government for sale to the United States Legation and to the oil company. As regards dollar equivalent payable in respect of this sum, 60% thereof would be retained in the Federal Reserve Bank of New York and it was considered in American programme amounts could be used to obtain interest annually in view of His Majesty's objection to using it for the purpose of capital appreciation. It was therefore thought that the best way was for this sum to be invested in United States shares and bonds rather than left to lie idle in the bank, the interest being paid to the Saudi Arabian Government. His Majesty replied that he was strictly opposed to the idea of capital appreciation but that he agreed to the proposal to obtain interest by investment in shares and bonds as this was a legitimate procedure.

8. Mr. Moose next mentioned the 50 lorries which were ready in Egypt for shipment under lease-lend to Saudi Arabia and which were expected shortly as he had already informed Sheik Yusuf Yassin a month or so ago. His Majesty pointed out the difficulties confronting his Government as regards transport owing to the number of vehicles requiring repair and the death of large numbers of camels. His Majesty emphasised that if assistance to the Government was not immediately forthcoming in respect of any transport the whole supply question in the country would be gravely affected and there would be danger of famine. Mr. Moose replied that the question of transport was one of three questions which he wished to discuss namely transport, finance and supply matters. He stated that United States Government were anxious to assist Saudi Arabia and that they had decided to increase their

/Lease.....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Lease-Lend assistance to Saudi Arabia so that it at least equalled the help afforded by the British Government. This decision had been taken before the United States Government had received any recommendations from Mr. Moose and had formed the subject of a decree issued by President Roosevelt.

9. Mr. Moose added that in his opinion the basis they should work on was to draw up a definite estimate of the requirements of the country and then consider how far United States Government could meet these requirements under existing war-time conditions. Mr. Moose considered it would be best to compile a list of the country's requirements over a number of years, say four or five, so that no time would be lost by discussions and everything could be delivered in time.

10. Mr. Moose went on to enquire whether the British Government had as yet reduced their assistance to Saudi Arabia. His Majesty thereupon expressed his gratitude to the United States Government for their decision with regard to his country and proceeded to praise the assistance granted to him by British Government when times were hardest. His Majesty referred to the ties of firm friendship which had for so long bound him to the British Government and which had stood whether their help was great or small. His Majesty considered the help he had received from British Government and latterly also from United States Government was but one of many proofs of friendship uniting Saudi Arabian Government with the two friendly powers.

11. His Majesty then summarised the position regarding the assistance afforded by the British Government during the present year and intimated that no final decision had yet been taken in the matter but that discussions were still proceeding regarding limitation of quantities of foodstuffs supplied to Saudi Arabia. The question of finance was also under discussion but no final decision had, it appeared, yet been reached.

12. His Majesty went on to refer to relations between the three countries stating that their mutual interests lay in collaboration with one another. He did not think, as some thought, that the interests of his country were served by rivalry between Britain and America. The present and future interests of his country depended on friendship between Britain and America and anyone who endeavoured to act otherwise was bound to fall into error.

13. Mr. Moose thanked His Majesty for his statement and declared that this was indeed the wisest course. He concluded by requesting His Majesty's permission to discuss details of the three questions he had raised with Yusuf Yassin and Fuad Hamza.

14. Talks subsequently took place between Yusuf Yassin and Fuad Hamza and Mr. Moose. The latter was informed that Saudi Arabian requirements were as stated in the budget which Mr. Moose had seen. Mr. Moose replied that the budget dealt with present requirements without taking into consideration possible future requirements of Saudi Arabian Government. In reply he was told that greatest requirements were those given in the budget and that if any additional items were subsequently needed they would be ordered as and when required.

15. Mr. Moose agreed to arrangements on this basis and promised to submit them to his Government.

O.T.P. [Copies sent to Mr. Wiltshire].

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

U.S.S.R.

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

C222686

[EN CLAIR]

POLITICAL DISTRIBUTION

FROM MOSCOW TO FOREIGN OFFICE

Sir A. Clark Kerr
No. 1197 D. 3.22 a.m. 9th May 1944.
7th May 1944. R. 8.05 a.m. 10th May 1944.

222

Moscow newspapers May 5th publish Tass message from London reporting arrival in London of a Yugoslav Military Mission and quoting an interview between the "News Chronicle" and the head of the Mission on the subject of Mihailovic's activities.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

(THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT)

S E C R E T

P.M.M.(44) 10th Meeting

C222687 COPY NO. 3

MEETING OF PRIME MINISTERS

MEETING to be held in the Cabinet Room
at No. 10 Downing Street on
TUESDAY, 9TH MAY, 1944, at 5.30 p.m.

AGENDUM

COLONIAL QUESTIONS, WITH SPECIAL REFERENCE TO REGIONAL ARRANGEMENTS IN AFRICA AND THE PACIFIC.

(Signed) E.E. BRIDGES
J.E. STEPHENSON

Joint Secretaries

Offices of the War Cabinet,
S.W.1.
9TH MAY, 1944

The following have been invited to attend:-

United Kingdom

The Prime Minister
Mr. Attlee
Mr. Eden
Lord Cranborne
Colonel Stanley
Mr. Law

Canada

The Prime Minister
Mr. N.A. Robertson

Commonwealth of Australia

The Prime Minister
Sir Frederick Shedden

New Zealand

The Prime Minister
Mr. A.D. McIntosh

Union of South Africa

The Prime Minister
Mr. D.D. Forsyth

Southern Rhodesia

The Prime Minister

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

The circulation of this paper has been strictly limited.
It is issued for the personal use of Prime Minister of Canada

MOST SECRET. Copy No. 3

C222688

TOP SECRET

MEETING OF PRIME MINISTERS

In view of the specially secret nature of the matters dealt with, the full record of the Meeting held at 5.30 p.m. on Monday, 8th May, is being given a very restricted circulation.

The attached Confidential record is circulated for the personal information of the Dominion Prime Ministers.

(Signed) E.E. BRIDGES
J.E. STEPHENSON

Joint Secretaries

Offices of the War Cabinet,
S.W.1.,

9th May, 1944.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

The circulation of this paper has been strictly limited.

It is issued for the personal use of..... C222689 .....

MOST SECRET. **Copy No.** 3

TOP SECRET

P.M.M.(44) 8TH MEETING

Confidential Annex

ECONOMIC POLICY

MR. CHURCHILL invited the Conference to discuss economic, monetary and financial questions. There were certain differences on these subjects, though he felt sure adjustable differences, between United Kingdom Ministers representing the various political parties in the National Government; and he was well aware of the complexity and difficulties of the matters in issue. He hoped that everyone would state his views quite frankly. If there was the chance of agreement in the outcome, so much the better; if not, he felt that the absence of unanimity could be kept in the background until the world had settled down further and victory been assured. Far more important matters were happening in the world today.

SIR JOHN ANDERSON said that he need not go into detail about the scheme for an international monetary fund. Discussions on the technical level had taken place only a few weeks ago, at which the technical representatives of the Dominion Governments had been present, and at which the monetary plan, and other connected subjects which had been considered with the official representatives of the United States, had been examined. The position of H.M. Government in the United Kingdom had been that they were very ready to take part in such discussions, but without committing themselves on the issues involved. That was still their position. The House of Commons had been informed that no commitment would be made until the matter had been fully debated and the point of view of the Dominions ascertained.

He assumed that the general lines of the proposed international monetary fund plan were familiar to all those present. The latest position as between H.M. Government in the United Kingdom and the United States Government was that Mr. Morgenthau, with the support of Mr. Cordell Hull, and the approval of President Roosevelt, was urging us to take part in a further conference on the subject in the near future. We had not so far informed the United States Government whether we would be prepared to do so, nor had anything been said finally as to the status of any such conference. The scheme was to be debated in the House of Commons on Wednesday, 10th May. H.M. Government would be greatly helped in the debate by hearing the general view of the Dominion Prime Ministers on the scheme.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

The scheme set out in the White Paper (Cmd. 6519) differed in certain respects from the earlier plan which had been drawn up here, and which was known as the Keynes plan. It looked, however, as though the plan now under consideration represented a greater measure of agreement on the technical level between the United States and Dominion and U.K. experts. But there were certain reservations which H.M. Government in the United Kingdom had thought it necessary to make. First, that the international monetary fund should not operate in respect of the transitional period. It was felt that the general plan could not be regarded as complete, unless supplemented by a scheme for an international bank which would make funds available for reconstruction. Secondly, that if the scheme was accepted, the full obligations under it which would fall on H.M. Government in the United Kingdom could only be undertaken gradually.

MR. MACKENZIE KING said that he had already stated his views on the proposals for an international monetary fund in the Canadian House of Commons at the time when he had tabled the draft principles for the fund as recommended by experts. The views he then expressed were the views he held today. He did not think he could do better than repeat to the present meeting the remarks he had made in the Canadian House of Commons. He had spoken as follows:-

> "This statement of principles on international monetary relationships is conceived as part of a general plan of international economic co-operation which as a whole will have for its objects the progressive expansion of international trade, high levels of employment, improved standards of living, reasonable stability of prices and machinery for orderly exchange arrangements. The Canadian Government is thoroughly aware of the importance of establishing international monetary arrangements favourable to the expansion of trade and employment, and is keenly sympathetic with the particular objects to which this statement of principles is directed. It is equally anxious that common views should be reached on other parts, also, of a general plan of international economic co-operation, particularly on a reduction in the barriers to trade expansion, a reduction vital to Canada's welfare, and necessary if conditions favourable to stable monetary arrangements are to be achieved. The view which will ultimately be taken by the Canadian Government of any proposed monetary arrangement will be greatly, perhaps decisively, influenced by the progress which it is possible to make in achieving agreement on other aspects of international economic policy with which monetary arrangements are inseparably linked."

MR. CURTIN said that the Australian Government was in the same position as was, he gathered, the Government of the United Kingdom. They had been represented in these technical discussions, and they hoped that success would attend their outcome. They entirely favoured co-operation for the purpose of expanding trade and commerce, and overcoming the instability of exchanges. The Australian Government would have to face a political dilemma in the domestic arena similar to that which Mr. Churchill indicated might have to be faced in the United Kingdom. Continuing, Mr. Curtin said that he was obliged to speak very frankly. In the first place unless

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

agreement was reached between the U.S. and U.K.Governments, any scheme would be doomed to defeat and would not work. More than an outline of principles was in issue - faith without works was no good. Commercial and monetary policy could not in practice be disentangled from one another, except by economic experts. The ordinary public did not understand, and would not give a political mandate to any Government putting forward, a plan with intricate terminologies beyond the grasp of the man in the street, who was apt to think that the interests of his country were being sacrificed to some general theoretical plan. That attitude was apt to be confirmed by the criticisms that would be levelled against any plan, by those experts who were opposed to it, and who would suggest that its acceptance involved the sacrifice of particular countries or of very representative sections of those countries. He felt grave doubts whether the United States would achieve a drastic reduction in their high tariffs, and he wished to make it clear that any scheme such as that now under discussion would have to be sponsored in the first place by the Great Powers. They could not expect a smaller nation, such as the Commonwealth of Australia, to go out as a pioneer in a matter of this kind. The Australian Government would certainly not negate the principle of agreements of this nature. Its attitude would be to support them. But it was not in a position either to frame or to take the lead in contracting out of such a scheme. The larger Powers must show that they regarded the scheme as sound and valuable, and that they intended to proceed with it.

His second point was that the success or the failure of the general objective would depend essentially, not on the theoretical soundness of a particular scheme, however carefully worked out by experts, but on political decisions by the Governments concerned. The experts would be fully capable of devising arrangements to give effect to a political policy laid down by individual Governments for high political reasons. And Governments, in reaching their decisions in regard to a particular set of proposals for achieving monetary stabilisation, must have in mind matters such as exchanges and tariff ceilings, and must be satisfied that their plan would not admit of being defeated by subsidies or by excessive depreciation of exchange rates. That was the decision that Governments would, he felt, have to make in the first instance, before the technical experts got to work to frame the details of a plan.

The scheme as drafted, in his judgment, omitted one major requirement. He had no doubt that it would be of value as oiling the machinery, and it might be an excellent plan for the world after the transitional period. Where it failed was that the transitional period was the real and immediate problem. Rehabilitation was more important than the long term problem, and a more urgent matter by far than the devising of the machinery of the post-transitional period. It was essential to get something working without delay which would avoid the mistakes of the last twenty years.

The scheme now before the meeting could look for the warmest and most sympathetic consideration from the Australian Government. But he could not exclude the relation of this matter to the issue of Imperial preference. Australia had a trade agreement with Canada and a commercial understanding with New Zealand. With the United Kingdom she was linked by the scheme of Imperial preference, which she was certainly not going to throw away for any doubtful Utopia of some world agreement. Some countries

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

were inclined to press for declarations of high policy on the basis of the open door in every country which they might wish to exploit. He quite agreed that barriers to trade were provocative, and in the abstract he would prefer the trade of all countries to be free. But we must face the facts. The Australian Government had had to build up its secondary industries, and, indeed, had it not done so, could not have provided the steel, iron and many other goods which had been so essential to the conduct of the war; and, because of the difficulty of import during the war, Australia would have found herself defenceless at a critical moment. A country geographically placed as Australia was not in the same position as countries which were close to, or contained, great seats of industry; and with a view to building up its industrial capacity it might have to adopt whatever policy in regard to tariffs, subsidies or the like would be helpful in the consolidation of that capacity. Moreover, Australia was anxious to see a large increase in her population. But that increase would mean a market for goods and additional products which would have to be sold. He was opposed to a Chinese wall around each country, but we must be realist. His faith in the Sermon on the Mount was real, but he liked to see the policeman outside. The Australian Government would be quite ready to commit itself, in the maximum degree that present circumstances might appear to justify, to such course of action for the good of the world in respect of trade and monetary stability as they might at the present time be satisfied was in their interests. But he must make it clear that it was impossible for him to pledge future Commonwealth Parliaments not to adopt a course of action that might be at variance with whatever course of action they subscribed to now, if famine, flood, or other unforeseen circumstances made it necessary for them later to change their attitude. The statement which Mr. Mackenzie King had just read to the meeting roughly expressed the views of the Australian Government, but he thought rehabilitation more important than getting the normal pre-war machine a little better oiled than it was. The United States, he observed, were ready to give all possible help over relief, but they were adopting a somewhat difficult policy over rehabilitation.

SIR JOHN ANDERSON said that he thought that this was because the United States Government felt that rehabilitation should properly be reserved for the development of the International Investment Bank scheme. H.M. Government in the United Kingdom had pressed the United States Government to say whether they accepted the principles in respect of employment which had been recently advocated by the Australian Government, but they had explained that they were not ready with their other plans, and thought that the monetary plan by itself did not afford a sufficient basis for the discussion of the Australian policy as regards full employment, which would better be taken up at a later stage.

MR. CURTIN continued that full employment and rehabilitation was the pedestal on which we must work out a good monetary policy. It was impossible to expect countries to abandon separatist treatment of a situation in which they found so many of their own people without ultimate employment. In such conditions a Government must be prepared to take steps to deal with the situation.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Experience showed that the type of action which they were disposed to take, in the absence of any better scheme, was to put a penalty on imports, and to make agreements with other countries in respect of the marketing of such goods as they had to offer. He recognised that it had been our hope that the present monetary scheme, by providing a measure of stabilisation, would ensure a better exchange of goods and services all over the world, which would contribute to the ideal in view. But he remained strongly of opinion that the technical experts could not work out a satisfactory arrangement unless there had been a preliminary direction on the high principles involved, based on political decisions by the Governments concerned. The Australian Government would be very ready to assist in framing such political decisions.

MR. FRASER said that he was generally familiar with the various schemes that had been under discussion by the experts. Some of them had caused him some alarm. Each country had to study its own economic set-up, and must expect that other countries would do likewise. New Zealand, with its export of primary products, had an entirely different range of problems from certain other countries. Any international scheme which would help trade generally, without destroying the interests of our separate communities, and which would make for peace, would be acceptable. He recognised the high ideals underlying the schemes that were now before us, and he congratulated all who had been associated in the efforts to put them into shape. While there were still points requiring adjustment and agreement, much had been done, and a great step forward taken, for which he desired to express his gratitude.

Employment

As regards full employment, he was in agreement with the Australian point of view as put before the Conference, and he felt that full and adequately remunerated employment should be our main objective. He felt that the Commonwealth of Australia had performed a real service by bringing forward and pressing this ideal.

Imperial Preference

As regards Imperial Preference, Mr. Churchill, in 1941, had clearly safeguarded our position in the Mutual Aid Agreement with the United States by securing the insertion of the words "subject to existing obligations". The President had touched on this matter with him recently in a very friendly way, when he (Mr. Fraser) had made it clear that the United Kingdom was New Zealand's market, and had asked whether, even if there was to be a reduction in the United States tariff, he could be guaranteed markets by the United States which would make up for the loss of existing markets in the United Kingdom. He was not interested in abstract theories; nor did he wish New Zealand's problems to impede the solution of world problems. But New Zealand could not sacrifice the substance for the shadow. He had been glad in that connection to see Mr. Amery's recent statement at Birmingham. Like the Australian Government he felt that any discussion must start from the assumption of an adequate social and economic basis. That was fundamental to a general agreement, and he felt himself that there was a greater clarity of view on that subject in the British Commonwealth than in the United States, even if our intentions were no better than those of the United States. He was very ready to discuss Imperial Preference, but he would not be prepared to surrender it, unless something better were forthcoming which would make the surrender worth while. He had been

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Experience showed that the type of action which they were disposed to take, in the absence of any better scheme, was to put a penalty on imports, and to make agreements with other countries in respect of the marketing of such goods as they had to offer. He recognised that it had been our hope that the present monetary scheme, by providing a measure of stabilisation, would ensure a better exchange of goods and services all over the world, which would contribute to the ideal in view. But he remained strongly of opinion that the technical experts could not work out a satisfactory arrangement unless there had been a preliminary direction on the high principles involved, based on political decisions by the Governments concerned. The Australian Government would be very ready to assist in framing such political decisions.

MR. FRASER said that he was generally familiar with the various schemes that had been under discussion by the experts. Some of them had caused him some alarm. Each country had to study its own economic set-up, and must expect that other countries would do likewise. New Zealand, with its export of primary products, had an entirely different range of problems from certain other countries. Any international scheme which would help trade generally, without destroying the interests of our separate communities, and which would make for peace, would be acceptable. He recognised the high ideals underlying the schemes that were now before us, and he congratulated all who had been associated in the efforts to put them into shape. While there were still points requiring adjustment and agreement, much had been done, and a great step forward taken, for which he desired to express his gratitude.

Employment

As regards full employment, he was in agreement with the Australian point of view as put before the Conference, and he felt that full and adequately remunerated employment should be our main objective. He felt that the Commonwealth of Australia had performed a real service by bringing forward and pressing this ideal.

Imperial Preference

As regards Imperial Preference, Mr. Churchill, in 1941, had clearly safeguarded our position in the Mutual Aid Agreement with the United States by securing the insertion of the words "subject to existing obligations". The President had touched on this matter with him recently in a very friendly way, when he (Mr. Fraser) had made it clear that the United Kingdom was New Zealand's market, and had asked whether, even if there was to be a reduction in the United States tariff, he could be guaranteed markets by the United States which would make up for the loss of existing markets in the United Kingdom. He was not interested in abstract theories; nor did he wish New Zealand's problems to impede the solution of world problems. But New Zealand could not sacrifice the substance for the shadow. He had been glad in that connection to see Mr. Amery's recent statement at Birmingham. Like the Australian Government he felt that any discussion must start from the assumption of an adequate social and economic basis. That was fundamental to a general agreement, and he felt himself that there was a greater clarity of view on that subject in the British Commonwealth than in the United States, even if our intentions were no better than those of the United States. He was very ready to discuss Imperial Preference, but he would not be prepared to surrender it, unless something better were forthcoming which would make the surrender worth while. He had been

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

strongly opposed to the United States' suggestion that we should abandon quantitative control of imports. Limitation of imports was essential to New Zealand if she was to live at all. It was essential for New Zealand to safeguard her sterling funds. Owing to the increase of the burden that had fallen on New Zealand, imports, if not controlled, would have used up all the sterling funds at her disposal, and her standards of living, so far from being raised, would have been depressed in an extreme degree. Control of imports in the circumstances remained essential. Its disappearance would break her economy. The words in paragraph 3 of the paper on Commercial Policy (P.M.M.(44) 1), that "any country would be free to restrict imports to any extent necessary to defend its balance of payments on the basis of an objective criterion relating to reserves", to a large extent met his point.

Bulk Produce

The greatest security that we and the United Kingdom could have for our produce would be long term agreements with the Governments of the responsible countries through the restoration years. He was glad that the new draft made it possible to take action on these lines. That was a great improvement.

List of Organisations

He was a little uneasy at the large number of organisations which appeared to be operating in this field, e.g. the I.L.O., the Commercial Union, the Monetary Union, the Commodity Organisation, etc. Would it not be possible, by combining them, to reduce them to two or three? It would tax the resources of the smaller countries to find a large number of delegates, and the tax on their funds would be equally great. He suggested that the existing organisations should be examined and reclassified.

Monetary Fund

The great fear in connection with the monetary fund proposals was that they represented a return to the gold standard. He thought that, in fact, that position was adequately protected under the new scheme, and on the understanding that the issue was one that would be fully discussed in Parliament before any agreement was come to, he saw no objection to discussions being entered into with the United States. He understood that the State Department attached great importance to an arrangement being come to before the election conventions.

In general his attitude was much the same as that of the other Dominions. He favoured international schemes of regulation, subject to the safeguarding of our position, and the position of New Zealand. He would be reluctant to agree to surrender Imperial Preference, save possibly in return for something that was substantially more advantageous. If the schemes now under discussion resulted in bringing the nations closer together, that was all to the good. But a condition of acceptance should be that the standard of living should not be reduced; for if we accepted these schemes, and the result was to be a reduction in the standard of living, we should be adopting a short-sighted policy on the long view.

MR. CHURCHILL said that he thought that it would be of advantage that the Conference should know what had passed between him and President Roosevelt in 1942 in connection with the Mutual Aid Agreement. He had then taken particular pains to safeguard the position as regards Imperial Preference in its entirety. In his telegram of 8th February 1942 (No. 904) he made it clear to the President that the

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

War Cabinet felt that if we bartered the principle of Imperial Preference for the sake of Lease-lend, we should have accepted an intervention in the domestic affairs of the British Empire that might lead to very embarrassing results, and might play into the enemy's hands. On 12th February, 1942, the President, in his telegram (No. 105), had replied in sympathetic and entirely satisfactory terms, and had said that he was asking for no commitment in advance that Imperial Preference "would be abolished, and I can say that Article VII (of the Mutual Aid Agreement) does not contain any such commitment. I realise that that would be a commitment which your Government could not give now if it wanted to". He had readily accepted this very full and frank assurance from the President, and the Meeting would agree that its terms were such as to leave the hands of H.M. Governments in the United Kingdom and in the Dominions entirely free and fully safeguarded as regards Imperial Preference, and to bind the United States in respect of that issue.

There were two aspects of Imperial Preference. The first was what he might call the sentimental aspect. He attached the greatest importance to that, and felt that its significance could not be under-estimated, and that we should not lightly do anything that might undermine it. The second was the practical question of its importance in terms of the prosperity of the United Kingdom and the Dominions. He was not for departing in any way from the principle of Imperial Preference built up over so many years, and he felt strongly that we should not agree to depart from it unless in return for some such offer by the United States as full free trade, or the reduction of United States tariffs, at an international conference, to a negligible level. If there were to be an offer that, if we were to throw open our vast market, others would do the same, that would be a matter which might be worth very grave consideration by all the Parliaments concerned. But was there in fact any chance that such an offer would be forthcoming, or that the United States would abandon its high tariff protections? He felt that to that question there could only be one answer. Imperial Preference was a religion to some people, and a strong bond of unity to a much larger body to whom it represented an expression of the deep feelings that had led to our fighting as a United Empire in two tremendous wars. We should be careful how we touched a matter that closely affected so many. Considerations other than immediate profit and loss had to be borne in mind. He was satisfied, and he felt sure that the Meeting would agree, that his correspondence with the President had kept the door open and had ensured that the issue was not compromised in the slightest degree.

Imperial Preference

FIELD MARSHAL SMUTS said that he was very glad that Mr. Churchill had read to the Conference his correspondence with President Roosevelt, for it clearly and explicitly linked Imperial Preference with the United States tariffs. If we were called upon to forego Imperial Preference, we could say that if the United States were prepared to abandon its high tariff wall, the two might be considered together. The United States had built up their tariff wall over a long series of years. Behind it they had consolidated a great industrial fabric. They were not likely, in his judgment, to destroy that tariff wall suddenly, or to lower it to any great extent. He felt that, if that was the case, it was unnecessary to disturb

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

ourselves unduly about the prospect of any abandonment of Imperial Preference. If, however, the United States were in fact prepared to abandon its high tariffs, and replace them by low tariffs, we might consider the question of Imperial Preference also. He agreed that a sentimental value attached to Imperial Preference, but its economic value was, he thought, its most important aspect. If the United States were prepared to open their market to the British Commonwealth, his own feeling would be that at that stage there would be a case for considering the wisdom of maintaining Imperial Preference. After all we had been driven into Imperial Preference in self defence against the United States, and the Ottawa Preferences had been designed to offset the outrageous United States tariff rates. United States tariffs and Imperial Preferences were historically closely linked together.

Monetary Fund

As regards the monetary fund he was prepared to leave it to the experts. The matter was highly technical. If the scheme was proved to be good, he, and he thought also his country, would be prepared to accept it without hesitation. But would the scheme in fact be generally accepted? Many schemes looked well in theory, and to the experts might seem a way out. But the experience of a life time had made him cautious in these matters. He had seen the United States build up their great position on the opposite policy of a high tariff wall. In our day we had seen an extraordinary phenomenon in the way in which Russia had raised herself from the depths by methods which were politically a negation of the present scheme. Germany, which in 1924, had been down and out, had risen to an immense strength and authority by methods other than free trade. It was evident that Italy had used protective measures to build up her position effectively. Reduction of tariff barriers and the promotion of free trade was thus clearly not the only solution. Was this scheme going to be generally accepted? That was the question - that, and whether the United States would reduce their tariff wall, what Russia would do, what Germany and other great countries would do in the future. Those countries had rehabilitated themselves, and had built up great economic and industrial power, on an entirely different basis. He was prepared to wait and see if the world would go in for this more scientific and theoretical scheme. But unless the scheme

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

was generally accepted - if Russia and other great countries stood out - it could not work and would be destined to fail. If there was no general consensus of support for it, it would fall to the ground whatever amount of expert opinion there might be behind it. That was his doubt and a very real doubt. We should walk cautiously in this matter.

MR. CURTIN said that it was true that the United States had built themselves a high tariff wall, and that Germany and other states had given extensive production to their industries. We should also bear in mind that there were those masses of people whose consuming power was in present circumstances far less than it should be, and to whom it was important to give, by whatever means seemed practical, a reasonable standard of living, so that they should be able to get what was essential in a world expanding to full power and capacity. The slackness of demand in the thirties suggested that consumption power lacked some stimulus.

He wished again to urge what he had suggested earlier in the discussion, that all these technical schemes must be preceded by political decisions, and by political agreement on the major principles of action. He was apprehensive that the experts would approach this plan rather as economists, than as executants of Government policy. He could not advise what answer should be given to the United States request that we should attend a further conference. That was a matter on which he would, he thought, have to consult his Government further. The United Kingdom Government would have to decide for themselves whether to attend the conference and what line should be taken at that conference by the United Kingdom Delegation.

Was the conference now in view to be a conference of Governments, and would the Dominions be asked to send representatives to it? He felt that instead of the elaborate papers that had been laid before the present meeting, there would be great advantage if the Chancellor of the Exchequer could prepare a short memorandum in the form of a Cabinet document for the Dominions. While that was being done, this Meeting of Dominion Prime Ministers could have a political review of what was involved, and if a political decision could be taken here, the view of the Australian Government could be ascertained.

In all this matter let us not forget that at the end of the War, the United States would be the one great creditor country, and all the rest of us, in greater or less degree, debtor countries.

MR. ATTLEE said that we were working for an expansionist policy, but that it had to be worked out in a world composed of countries with very varied economic systems. The position of Russia and of New Zealand were quite different. In elaborating our schemes we had had to consider these differences and secure the greatest measure of common agreement possible.

SIR JOHN ANDERSON, replying to the points raised by Mr. Curtin, said that Mr. Morgenthau had expressed the hope that the team at the conference would be a team, not merely of experts, but of representatives of Governments. His Majesty's Government in the United Kingdom, on the other hand, thought that there was a case for a further conference of experts, to clear up many outstanding points, and in particular to ascertain the view of several countries, such

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

as France, the Netherlands and Belgium. It was certainly hoped that the Dominions would send representatives to any such Conference.

MR. CHURCHILL said that he thought it might assist the meeting at this stage if he mentioned certain fundamental points that as recently as 3rd March last he had brought to the notice of the United Kingdom War Cabinet†, and which seemed to him to stand out in discussions on Article VII. They were as follows:-

"First, no fettering of our country, direct or indirect, to a gold standard.

Second, no abandoning of Imperial Preference, unless, or until, we are in presence of a vast scheme of reducing trade barriers in which the United States is taking the lead.

Third, no international agreement destructive of the principle of the Wheat Act, 1932.

Fourth, no policy of artificial dearness or scarcity of basic foods by tariffs or quotas."

MR. MACKENZIE KING said that he had already expressed his views on the proposed international monetary fund, but the turn of the discussion was leading to examination of the second issue before the meeting viz., Commercial Policy. His views on that subject were as follows:-

He did not think that the full employment and higher national income which Canada must seek to achieve could be secured within a restricted imperial trade system - nor could they be attained by a series of bilateral deals with individual countries.

For these reasons Canada was, he believed, strongly in favour of the widest development of international trade as soon as possible after the war.

Canada needed to expand her reciprocal trade with the countries of the Commonwealth, with the United States, and with Europe. For this reason Canada welcomed the multilateral approach to freer trade through a general commercial convention - to which all countries could adhere.

We should strive for a simultaneous reduction of protective tariffs and the removal of quantitative restrictions. At the same time we must be prepared to offer freer access to our own markets, in return for greater export opportunities.

In this effort we would require the active co-operation of the United States, which should be helped and induced to reverse her traditional commercial policies. We must recognise that the United States tended to attach exaggerated importance to the elimination of Preferences in the field of commercial policy. Some of us were perhaps inclined - for different and complementary reasons - to attach a similarly exaggerated importance to their integral retention. He thought that we must face the fact that serious reductions in protective tariffs in other countries of the world must involve a corresponding reduction of tariff preferences.

+ See W.P.(44) 145.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

In the discussion on foreign policy last week, we had all been concerned about the possible spread of social disturbance after the war. He believed the best way to check it was by co-operating in parallel policies designed to bring about full employment, and higher real incomes for our people. This we could not do in national isolation nor within an Empire group. We needed to carry the other countries with us in these policies.

Field Marshal Smuts had spoken wisely of the importance we must all attach to the restoration of western Europe. The difficulties in the way of a purely political solution of their problems were great. He believed they could be partly overcome if we were to offer them our economic co-operation in terms of generous reciprocity.

These problems were difficult and very complicated. Bold solutions involve risk-taking which we would all wish to avoid if we could. He felt however, that postponement of new departures in the field of commercial policy until the end of a "transitional period", which he heard might be as long as five years, would be to accept defeat in advance. If we were to make a fresh start - our great opportunity would follow close on the end of hostilities. We should be prepared to seek it. If we waited, special interests in each of our countries - in Europe and in the United States, which have been subordinated to the pressing needs of a war economy, would assert their special claims. Each of us must inevitably face grave problems of industrial reconversion when hostilities end. He felt that these very difficulties would give us an immediate opportunity to build up our most efficient industries on firmer foundations than before. In so doing we could remove many causes of international friction and rivalry, and make sure that the economic bases of a world security organisation were securely laid.

MR. FRASER said that he would be grateful for information on two points. The first was commodity controls. The existing draft scheme provided for control of primary products. He felt that that was inequitable, and that if primary products were to be controlled, secondary products should be treated in the same way. But under the commodity scheme as it stood New Zealand products, which were essentially primary, would be controlled, but not her imports. His second question was as regards international cartels. What was the attitude of the Board of Trade on that subject, and did that attitude coincide with the attitude of the United States?

SIR JOHN ANDERSON said that as regards Mr. Fraser's first question the commodity control scheme had been worked out with great care by a group of economists; but he did not himself feel that the scheme was by any means yet sufficiently clear in respect of certain important aspects, and more work would, he felt, have to be done on them, and in particular on the point that had been raised by Mr. Fraser.

DR. DALTON, replying to Mr. Fraser's enquiry about cartels, said that H.M. Government had not yet settled their policy. They were inclining now to the view that there ought to be greater power to investigate the working of cartels, and to take action in cases in which their operation was shown to be harmful. The whole matter was being gone into by a Cabinet Committee in connection with the proposals for endeavouring to maintain full employment.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Continuing, DR. DALTON said that on the general issue of commercial policy, United Kingdom Ministers were not themselves as yet entirely agreed. He could say, however, that they were all concerned to foster and promote Empire trade in all practical ways. The United Kingdom must increase her exports by a figure estimated at 50% over her pre-war exports if she was to obtain the imports of raw materials and food necessary to employ her people, and if she was to hold her position in the post-war world. We had lost our overseas investments and our invisible assets. Unless an increase of the order he had mentioned could be ensured we could not be confident of bringing about full employment, or indeed even of restoring pre-war standards of living. Our concern was to extend our markets in the Empire, and also outside the Empire. That was the general object of the sketch which had been circulated to the meeting. H.M. Government in the United Kingdom and the Dominion Governments were in no way committed to the proposals in that sketch, which were based on the discussions which had taken place between United Kingdom officials and officials of the Empire earlier in the spring. But it could be taken as settled that no one would propose any abolition of Imperial Preference unless that was the unanimous desire of the Dominions, or for that matter, any reduction of preferences, save in return for a real and substantial quid pro quo. By that he meant not merely a better entry into the United States market, but entry into other markets from which we had been blocked out in the pre-war period by quota restrictions. The scheme also contained provisions around our safeguard; the position of infant industries; while it also allowed scope for state trading.

SIR FIROZ KHAN NOON said that India was interested both in the international monetary fund and in the proposals for commercial policy contained in the memorandum (P.M.M.(44) 1) that had been circulated. As regards the first she was very ready to take part in any discussions for the further and closer examination of how monetary stabilisation could best be secured. But naturally, given the low standard of living in India, any scheme which was likely in practice to result in India, as part of the British Empire, providing funds to keep up exchange, which would in practice be used by debtor countries, and which might in the outcome be a dead loss to the Indian taxpayer would be one which she was not likely to regard with favour. Industrially she was a new country, and her policy must be a policy of more employment for her people, and a rise in their income per head per annum. She certainly could not afford to abandon Imperial Preference, under which she had gained as much as she had given, and the provisions embodied in Article VII of the Mutual Aid Agreement that the economic arrangements to be made must be "mutually advantageous", and the reference in that agreement to "existing commitments" had been a great satisfaction to India as protecting her against possible United States competition. We should, he felt, be most cautious in our handling of these matters with the United States. India stood by the Imperial Preference Scheme, but she would, of course, be ready to enter into any discussions on these matters which Great Britain and the Governments of the Commonwealth wished her to attend.

MR. CHURCHILL, in adjourning the discussion, said that the range of topics covered in so short a time had been very great; but he felt sure it would be agreed that the discussion had been of great value.

Offices of the War Cabinet,
S.W.1.

\+ P.M.M.(44) 1

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Egypt

C222701

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[EN CLAIR] WAR CABINET DISTRIBUTION.

FROM CAIRO TO FOREIGN OFFICE.

Lord Killearn. D. By bag 9th May, 1944.
No. 103 SAVING.
9th May, 1944. R. 1.35 p.m. 16th May, 1944.

3 3 3

VERY CONFIDENTIAL.

Abboud Pasha called this morning. He came ostensibly about his prospective business visit to London. He was aware of the reasons entailing delay but hoped it would not be too long.

2. He then disclosed the real object of his visit to me. Nahas Pasha was most anxious that whilst in London the Pasha should on his behalf enlarge upon the difficulties of the Egyptian Government's present position and more especially the pernicious role being played by the Palace which was rendering the work of administration of the country, the whole Government machinery, difficult if not impossible to work.

3. Abboud Pasha had told Nahas Pasha he was willing to undertake this provided the British Ambassador saw no objection. He then proceeded at great length to enlarge upon the iniquities of the Palace and the lack of responsibility shown by King Farouk. It would be part of his secret mission to say all this whilst in London on behalf of Nahas Pasha.

4. I said that from my angle I saw no reason to prevent the Egyptian Prime Minister putting his case before London through any channels he deemed appropriate. Indeed, from my own angle, it seemed no bad thing that the case should reach London without necessarily having first gone through the sieve of the Embassy. Actually the Foreign Office knew most of the facts and considerations already; but repetition through a non-official business source might be found helpful at home. It was however essentially a matter the Egyptian Prime Minister must fix up for himself.

5. Abboud Pasha then referred to the recent crisis and the absurdity of the Palace proposals. Being a close personal friend of Ahmed Maher he could tell me that the latter had been aghast at the suggestion of a Hassanein Cabinet: the inclusion of such names as Amr Pasha could only be regarded as a bad joke and the levity with which King Farouk had provoked the whole crisis. Ahmed Maher much preferred the continuance of the present Ministry, manifest though many of its faults and shortcomings were.

6. Abboud Pasha made no special comment on the arrest of Makram Ebeid yesterday, save that the latter had asked for trouble and had got it. I gathered there was no sympathy for him from Ahmed Maher.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] WAR CABINET DISTRIBUTION

FROM NAPLES (HIGH COMMISSIONER) TO FOREIGN OFFICE

Sir N. Charles
No: 93
9th May, 1944.

D. 6. 55 p.m. GMT. 9th May, 1944.
R.10. 15 p.m. DBST. 9th May, 1944.

Repeated to Resmin Med No. 51.

11111

Your telegram No. 61.

I understand that Members of the Cabinet have only now been [? grp. omitted] short armistice terms.

2. The Marshal however has addressed communications to General Macfarlane formally accepting responsibility as head of the Government

(1) for all obligations undertaken by the old Government and
(2) for truce on institutional question (please see my despatches Nos. 14 and 20 for translations of these documents).

I think we may accept the assurances of the Head of the Government.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Iran

C222703

[Thie telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

[CYPHER]

WAR CABINET DISTRIBUTION

FROM TEHRAN TO FOREIGN OFFICE

Sir R. Bullard D.
No. 462

9th May, 1944 R. 12.25 p.m. 10th May, 1944

Repeated to Cairo (Minister Resident) Saying,
Bagdad,
Government of India, and
Moscow

a a a

IMPORTANT

My telegram No. 432 paragraph 3.

Seyed Zia has attained central position on the political stage. Everyone is either for or against him. Opponents most in evidence are the Russians who apparently consider him a British tool, the Tudeh party who follow the Russians, the Shah who thinks Seyed Zia wishes to dethrone him, the ruling classes and intellectuals with Left sympathies. Who his supporters are is more difficult to see. In the background there is a secret party formed on the cell principle. He is believed to have won over some officers in the army and Razmara, now Chief of the General Staff, is believed to have suppressed some elements in the army that were hostile to Seyed Zia. He is angling for the support of the tribes and in the long run this may alienate the army. Wealthy friends from Yezd have paid over £30,000 for premises for his political headquarters and rich manufacturers of Isfahan who fear the violence of the Tudeh are looking to him as an ally.

2. It was [grp. undec. ? I learn] Seyed Zia's intention not to announce his disagreement until his party should be firmly established on a basis of personal loyalty. It may be that he has not yet decided upon his platform but some of the planks can be discarded. He favours exact and narrowly defined Shah powers. He is for giving Millspaugh Mission a fair chance. He considers the tribes a good element (which they are at least physically) and says that he does not blame them for keeping their arms until they are assured of fair treatment. He is against the Tudeh party. This was inevitable. They have attacked him ferociously as a tool of foreigners and a would-be dictator and a gang of their supporters smashed his car after he had won the vote in the Majlis. Moreover Seyed Zia is a keen nationalist and therefore could only oppose a party which is notoriously run by Russians. Seyed Zia is accused by many of being a reactionary in the matter of social development, but it is possible that he is merely unwilling to alienate the Mullahs until he is strong enough to dispense with their help or at least their neutrality.

/3. Seyed

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222704

3. Seyed Zia appears to be very obstinate and to judge by his supporters a poor judge of men. On the other hand he has many qualities which the ordinary Persian lacks, moral courage, financial honesty, and the will to act upon his ideas. He also has a practical acquantance with agriculture. His greatest liability is hostility to the Russians. Even if they did not consider him to be sponsored by us they would dislike a Persian statesman who was both strong and honest. In the circumstances it is unfortunate that Seyed Zia is on bad terms with the other leading nationalists influential in the country [grp. undec.] the Shah. The Prime Minister is doing his best to bring them together but Seyed Zia distrusts the Shah profoundly, the Shah fears Seyed Zia so that prospects for collaboration are not good.

4. I have hitherto steered clear of Seyed so as not to give colour to the tale that he is a creature of ours and because there is danger of his being driven into anti-labour camp. Nevertheless he is already a power to reckon with and members of the staff of His Majesty's Embassy see him from time to time and give him some sound opinions on affairs and on personalities. He avoids foreign missions both in order to show his independence and because the Russians have ignored him to the extent of refusing to return his card.

[Copies sent to Mr. Wiltshire]

OTP

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Yugoslavia

C222705

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on.]

[CYPHER] WAR CABINET DISTRIBUTION

FROM BARI TO ALGIERS

Mr. Broad.
No. 11.
9th May, 1944.

D: 11.11 p.m. 10th May, 1944.
R: 3.50 a.m. 11th May, 1944.

Repeated to: Foreign Office, No. 12.
Cairo.

@@@ @@@ @@@

SECRET

My telegram No. 309 to Foreign Office from Cairo.

Enemy activity during the past week has been confined to harassing operations in most areas. In Bosnia and Eastern Serbia however there are signs that large scale drives are being prepared.

2. In Croatia fighting has been limited to the area between Zagreb and Varazdin. To the east an attack has been opened from Daiuvar on the sixth corps of Partisans in Papuk but no details are available.

3. In Slovenia and Western Croatia several attempts were made to penetrate liberated territory. Enemy columns pushed south from Ljubljana and from Bostanj and north from Karlovac. Drives appear to have been successfully held.

4. Continued efforts are being made by the enemy to push south-west from Mrkonjicgrad and to clear communications between there and Banjaluka. There has been sporadic fighting on the road from Knin to Bihac. At Bihac itself and at Bos Krupa and Bos Novi to the north-east strong enemy concentrations are reported possibly mustering for attack on Bos Petrovac. Prijedor to which a Partisan brigade had succeeded in penetrating has been reinforced.

5. Serious inroads have been made by 13th S.S. division into Partisan-held areas of eastern Bosnia. Enemy succeeded in reaching Vlasenica but a general withdrawal north to Tuzla has since taken place. To the west Kaldanj and possibly Vares and Olovo have been retaken by the Partisans. It appears possible that the enemy has diverted his attention from the main third corps area to Fruska Gora.

6. In Montenigro Partisans have regained most of the ground lost in recent operations. Bijelo Polje and Berane are included

/in

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222706

in areas recaptured. Further north Partisan second corps has recaptured Brodarevo and is advancing on Pljeuxja. Bileca and Stolac are said to be surrounded by Partisans who have also successfully attacked the railway lines from Dubrovnik to Metkovic.

7. Foreign Office please pass to Cairo as my telegram No. 7.

[Repeated to Mr. Stenbock Cairo as Foreign Office telegram No. 276].

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Italy

C222707

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

[CYPHER] WAR CABINET DISTRIBUTION

FROM NAPLES (HIGH COMMISSIONER) TO FOREIGN OFFICE

Sir N. Charles
No. 96

D. 2.54 p.m. May 10, 1944 (GMT)

May 9, 1944

R. 6.00 p.m. May 10, 1944 (DBST)

Repeated to: Resmin Med No. 54

& & &

Togliatti had interesting conversation with Caccia to-day and showed most sensible grasp of the situation here. He had spoken with the Marshal on the three main points of the Government programme.

(1.) Improvement in Italian war effort. Marshal had said this entirely depended on the Allies who alone could say how many troops could be used or equip them.

(2.) On the economic side there was little the Government could do unaided. A good harvest must be ensured and a reasonable price established for wheat. This question the Cabinet were taking energetically. Togliatti thought that the lot of the workers might be improved by organised payment in kind, more communal feeding and setting up of canteens rather than by increasing wages. The clothing position was bad, especially boots.

(3.) Third point was épuration which the Government were going to carry through with thoroughness. A decree will be passed probably this week and Togliatti thought sensible action of Government should have good effect abroad.

2. Togliatti expressed opinion that the Government had been well received abroad though there was a natural tendency to wait to judge them by their deeds. He was sceptical of initiative which some of his colleagues wished to take in raising the status of Italy vis-à-vis the United Nations. While the Government should go slowly with such demands he thought the Allies should not adopt a negative attitude. He suggested that the Allies might make specific requests to the Italian Government and give them publicity.

3. The Government, said Togliatti, had been approved by the Italian people in general and particularly by the Communist Party; messages of approval having been received from the Party in Rome, Milan and Turin where the real strength of the Party lay (c.f. last part of paragraph 3 my telegram No. 28). Togliatti scoffed at the Communists in the South of Italy. The doubtful quantities in the present Government were Socialists and Action parties. Finally Togliatti affirmed that the Communist Party, far from having an eye on the distant future, were entirely concerned with the immediate problems of the day and intended to maintain this attitude.

[Copies sent to Mr. Wiltshire]

[OTP]

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Iran

C222708

[redacted]

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

AMENDED COPY

[CYPHER] WAR CABINET DISTRIBUTION

FROM TEHRAN TO FOREIGN OFFICE

Sir R.Bullard D.
No.462

9th May, 1944 R. 12.25 p.m. 10th May, 1944

Repeated to Cairo M.E.Min Saving,
Bagdad,
Government of India, and
Moscow.

X X X X

IMPORTANT

My telegram No.432 paragraph 3.

Seyed Zia has attained central position on the political stage. Everyone is either for or against him. Opponents most in evidence are the Russians who apparently consider him a British tool, the Tudeh party who follow the Russians, the Shah who thinks Seyed Zia wishes to dethrone him, the ruling classes and intellectuals with Left sympathies. Who his supporters are is more difficult to see. In the background there is a secret party formed on the cell principle. He is believed to have won over some officers in the army and Razmara, now Chief of the General Staff, is believed to have suppressed some elements in the army that were hostile to Seyed Zia. He is angling for the support of the tribes and in the long run this may alienate the army. Wealthy friends from Yezd have paid over £30,000 for premises for his political headquarters and rich manufacturers of Isfahan who fear the violence of the Tudeh are looking to him as an ally.

2. It was [grp.undec. ? I learn] Seyed Zia's intention not to announce his disagreement *[sic. ? policy]* until his party should be firmly established on a basis of personal loyalty. It may be that he has not yet decided upon his platform but some of the planks can be discarded. He favours exact and *narrow definition of* Shah's powers. He is for giving Millspaugh Mission a fair chance. He considers the tribes a good element (which they are at least physically) and says that he does not blame them for keeping their arms until they are assured of fair treatment. He is against the Tudeh party. This was inevitable. They have attacked him ferociously as a tool of foreigners and a would-be dictator

/and

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222709

and a gang of their supporters smashed his car after he had won the vote in the Majlis. Moreover Seyed Zia is a keen nationalist and therefore could only oppose a party which is notoriously run by Russians. Seyed Zia is accused by many of being a reactionary in the matter of social development, but it is possible that he is merely unwilling to alienate the Mullahs until he is strong enough to dispense with their help or at least their neutrality.

3. Seyed Zia appears to be very obstinate and to judge by his supporters a poor judge of men. On the other hand he has many qualities which the ordinary Persian lacks, moral courage, financial honesty, and the will to act upon his ideas. He also has a practical acquaintance with agriculture. His greatest liability is hostility *of* the Russians. Even if they did not consider him to be sponsored by us they would dislike a Persian statesman who was both strong and honest. In the circumstances it is unfortunate that Seyed Zia is on bad terms with the other leading nationalists*influence* in the country *viz* the Shah. The Prime Minister is doing his best to bring them together but Seyed Zia distrusts the Shah profoundly, the Shah fears Seyed Zia, so that prospects for collaboration are not good.

4. I have hitherto steered clear of the Seyed so as not to give colour to the tale that he is a creature of ours and because there is danger of his being driven into anti-labour camp. Nevertheless he is already a power to reckon with and members of the staff of His Majesty's Embassy see him from time to time and give him some sound opinions on affairs and on personalities. He avoids foreign missions both in order to show his independence and because the Russians have ignored him to the extent of refusing to return his card.

[Copies sent to Mr.Wiltshire].

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[illegible]

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

[CYPHER]

WAR CABINET DISTRIBUTION

FROM MADRID TO FOREIGN OFFICE

Mr. Yencken
No. 727
9th May, 1944

D. 2.00 a.m. 10th May, 1944
R. 9.15 a.m. 10th May, 1944

Repeated to Tangier

g g g g g

IMPORTANT

Your telegram No. 546.

Having ascertained Minister for Foreign Affairs could not see me until Thursday May 11th (there is a political flurry over Gil Robles going on) I sent the First Secretary to ask the position of Head of European Section of Ministry. On my instructions he pointed out that you had given assurances to the House of Commons that the German Consulate General was to be withdrawn from Tangier forthwith, but that although a whole week had elapsed since the conclusion of the agreement it appeared general O. was still without instructions. In the circumstances he added that I was perturbed at the effect in London when it was learned that the Minister for Foreign Affairs could not receive me for another two days and it [? grp. omtd.] essential that when I did see him on Thursday he should enable me to telegraph you a definite date by which the Consulate General would finally have left Tangier.

The Head of the European Section was most insistent that I shall not worry at all. He said not a day had been lost by the Spanish Government in implementing their part of the agreement. On May 3rd Minister for Foreign Affairs had addressed an official note personally to the German Ambassador informing him that in accordance with the agreement reached with United Nations (sic) the Spanish Government had decided that the German Consulate General should be closed. This note the German Ambassador had acknowledged. Pressed to say whether Minister for Foreign Affairs' note had stipulated a time limit for the Consul General's departure official replied that the time and detailed arrangements remained to be settled. In due course His Majesty's Government would be approached for facilities to enable the Consul General and his staff to cross into Spain whereupon they would be sent straight to Germany. He thought he could promise this would have been accomplished by the end of May.

He.....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222711

He feared meanwhile the atmosphere at Tangier might be somewhat tense. On the one hand General O. was impatient at not getting instructions, and although realising that the matter must in normal course of events be handled at the centre as between the Minister for Foreign Affairs and the German Ambassador, [2 grps. undec.] Mr. Gascoigne had been no doubt put out by the failure of Spain in particular to authorise publication in the Tangier Gazette of the full text of our statement, not realising in his turn the understanding reached here whereby your statement would be for English consumption and Minister for Foreign Affairs' statement for Spanish consumption. Insistence on Spanish statement at Tangier was in the long run to our advantage since it helped the Spanish authorities to implement their undertaking in an atmosphere of calm.

OTP.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222712

CAVSSSO

AMENDED DISTRIBUTION (10th May, 1944)

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] WAR CABINET DISTRIBUTION

FROM LISBON TO FOREIGN OFFICE

Sir R. Campbell
No. 820

D. 2.40 a.m. 10th May, 1944.

R. 7.10 a.m. 10th May, 1944.

9th May, 1944.

Repeated to Washington.

:-:-:-:-:-:

IMMEDIATE

My telegram No. 815.

After saying that an embargo was impossible Dr. Salazar said that in an attempt to go as far as possible to meet His Majesty's Government, (United States Government) he wished to make the three following alternative suggestions:

(i) Close down the free mines, each side (Great Britain and the United States on the one hand and Germany on the other) retaining production of its own mines as at present recognised,

(ii) Keep the free mines going and allocate the whole of their output to Great Britain and the United States:

(iii) Keep the free mines going, store their output in Portugal and sell to Great Britain and the United States after the war.

2. I said that I knew that you had been confidently hoping for an embargo and that none of these solutions would therefore be staisfactory. I was not authorised to discuss any solution whatever involving coninuance of exports to Germany and if I asked for certain elucidations it was merely in order to enable me to throw further light in certain respects when reporting to you.

3. In answer to my questions Dr. Salazar replied (i) that he put the output of German mines at 900 tons or a little under and that it was steadily decreasing.

(ii) that he had not contemplated spacing out export licences by monthly or other periodical instalments (without committing himself he did not appear to close the door to some such suggestion.)

(iii) that means might be found of delaying export of 150 tons due to the Germans under (grp. undec. ?expired] agreement.

4./.....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

SECRET

4. We got on to this last point when Dr. Salazar after putting German exports (including the 150 tons) at 1550 tons for the last wolfram year emphasised the substantial character of the reduction represented by a drop to 900 tons (which might be an overhead limit) or possibly 800 or even as low as 700 if the fall-off in ouput continued at the expected rate. I said that we were not interested in percentages. What mattered was absolute quantity ofwolfram that went to Germany (particularly in the next few months) and pointed to the satisfactory character in that respect of the Spanish agreement. We did not, I continued, admit the German right to the 150 tons since although it was true that we had held back from the free pool some of our own production the Germans had cheated us by diverting on to their concessions, and thereby succeeding in exporting the whole of, considerable quantities of wolfram which should have gone into the free pool and been divided with us. It was at this point that Dr. Salazar said that the means might be found of delaying export of these 150 tons. I have mentioned this in detail because of the largeness of this amount which is not blocked the Germans would be able to export immediately.

5. Dr. Salazar stated that since the close of their last wolfram year the Germans had been allowed to export only the output of their own mines. It was actually, he added, existence of British owned and controlled mines and German owned and controlled mines that made his problem more complicated than that in Spain where all wofram was open to free competition.

6. My immediately following telegram contains the comments of the Economic Advisor. Fuller report of the interview follows later.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222714

AMENDED DISTRIBUTION (10th May, 1944)

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on.]

[CYPHER] WAR CABINET DISTRIBUTION

FROM LISBON TO FOREIGN OFFICE

Sir R. Campbell.
No. 821.

D: 2.30 a.m. 10th May, 1944.

9th May, 1944.

R: 8.30 a.m. 10th May, 1944.

Repeated to: Washington telegram No. 70.

@@@ @@@ @@@

IMMEDIATE

My immediately preceding telegram.

Leaving aside the question of whether a limit of 900 tons of slightly less is politically acceptable to His Majesty's Government, the Economic Adviser's comments on the three alternative solutions offered are as follows.

2. In all three cases the first question is whether there would be a sufficient desire on the part of the Portuguese Government to ensure that the limit was not exceeded. Without a radical change of attitude the limit would be exceeded, as the result of graft and ill-will on the part of officials by at least 600 tons which the Germans obtained last year in excess of officially recorded exports. The extent and period of shuffling of officials, Customs officers and police, strict control over German finance and expulsion or supervision of principal German and pro-German civilians and smugglers would help and could be made conditions of our acceptance; but we should still reckon on the actual offer of at least 11/1200 tons.

3. It would be essential to fix the limits on a monthly not annual basis and to reckon German exports according to amounts leaving Portugal not export licences granted.

4. The first solution would be impracticable. The mining and collection of free wolfram cannot be stopped as long as there are buyers and we cannot hope to control German activities so closely as to prevent them from buying outside their mines.

5. The second solution would give legal sanction to our present policy of buying to corner all free wolfram. We should still have to compete with German buyers but could do so on advantageous terms so long as the Portuguese Government admitted a necessity to pay more than the legal price. The expense would be great (an extra £1 or £1½ million a year) but could be partly

/at

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222715

at least off-set by damping down production of our own mines still further, Portuguese could be asked to agree to this.

6. The third solution has all the disadvantages and none of the advantages of the first two.

7. Reply will not be submitted to Anglo-American Wolfram Committee for more detailed consideration unless you telegraph that one or other offer is in principle acceptable.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

France

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

C222716

AMENDED DISTRIBUTION (12th May, 1944)

[CYPHER] POLITICAL DISTRIBUTION

FROM WASHINGTON TO FOREIGN OFFICE

Viscount Halifax
No. 2430.
9th May, 1944.

D. 1.51 a.m. 10th May, 1944.
R. 10.55 a.m. 10th May, 1944.

[ ] [ ] [ ]

M. Hoppenot called on Sir R. Campbell on May 8th. He stated the interruption of communications was a cause of considerable embarrassment to the French Committee of Liberation especially in connexion with discussions over civil affairs in France with Eisenhower. Koenig had left Algiers before the promulgation of new regulations and therefore had only very general instructions. Points might well arise which it would be difficult for him to put to the Committee through other than French channels. Sir R. Campbell told him that he imagined that discussions with Eisenhower would be carried on very much on a bloc basis. In the light of your recent statement in the House of Commons therefore, it did not seem likely that the main question of principle of interest to the Committee would arise. Hoopenot still thought discussions would be hampered.

2. As far as the Committee's delegation in Washington was concerned, Hoppenot said that they were very much in the dark on the present position as regards civil affairs in France and that in view of the interruption of communications, he would be most grateful for any information on the position and on the progress, in any of the discussions with Eisenhower which you could give me for transmission to him. He had seen in the Press that M. Vienot had been received by the Prime Minister as well as by yourself and if we could tell him anything of what passed it would help him.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

at least off-set by damping down production of our own mines still further, Portuguese could be asked to agree to this.

6. The third solution has all the disadvantages and none of the advantages of the first two.

7. Reply will not be submitted to Anglo-American Wolfram Committee for more detailed consideration unless you telegraph that one or other offer is in principle acceptable.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

France

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

C222716

AMENDED DISTRIBUTION (12th May, 1944)

[CYPHER] POLITICAL DISTRIBUTION

FROM WASHINGTON TO FOREIGN OFFICE

Viscount Halifax
No. 2430.
9th May, 1944.

D. 1.51 a.m. 10th May, 1944.
R. 10.55 a.m. 10th May, 1944.

[ ] [ ] [ ]

M. Hoppenot called on Sir R. Campbell on May 8th. He stated the interruption of communications was a cause of considerable embarrassment to the French Committee of Liberation especially in connexion with discussions over civil affairs in France with Eisenhower. Koenig had left Algiers before the promulgation of new regulations and therefore had only very general instructions. Points might well arise which it would be difficult for him to put to the Committee through other than French channels. Sir R. Campbell told him that he imagined that discussions with Eisenhower would be carried on very much on a bloc basis. In the light of your recent statement in the House of Commons therefore, it did not seem likely that the main question of principle of interest to the Committee would arise. Hoopenot still thought discussions would be hampered.

2. As far as the Committee's delegation in Washington was concerned, Hoppenot said that they were very much in the dark on the present position as regards civil affairs in France and that in view of the interruption of communications, he would be most grateful for any information on the position and on the progress, in any of the discussions with Eisenhower which you could give me for transmission to him. He had seen in the Press that M. Vienot had been received by the Prime Minister as well as by yourself and if we could tell him anything of what passed it would help him.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Vatican

OUTWARD TELEGRAM

C222717

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on.]

[The text of this telegram must first be paraphrased if communicated to persons outside British or United States Government service or if retransmitted in a cypher system other than O.T.P.]

[CYPHER]

WAR CABINET DISTRIBUTION

FROM FOREIGN OFFICE TO HOLY SEE

No. 159

9th May 1944. D. 6.40 a.m. 10th May 1944.
Repeated to Washington, No. 4055.

222

Your telegram No. 294 [of the 29th April: raid on Rome of March 18th.]

Information given in first paragraph of my telegram No. 131 was result of very careful investigation which shows that last Allied raid on targets in Rome during March was on March 14th. Fact that second wave of aircraft on March 18th was not attacked suggests further that raid was a put-up job by the enemy.

2. Please do your best to convince right quarters that raid was engineered by Germans, and in general make as much use as possible of information in paragraph 2 of my telegram under reference.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

OUTWARD TELEGRAM

C222718

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on.]

[The text of this telegram must first be paraphrased if communicated to persons outside British or United States Government service or if retransmitted in a cypher system other than O.T.P.]

R 6967/1445/22

[CYPHER]

WAR CABINET DISTRIBUTION

No. 160 FROM FOREIGN OFFICE TO HOLY SEE

9th May 1944. D. 2.55 a.m. 10th May 1944.

Repeated to Resmin Med. No. 984.

222

Your telegrams Nos. 290 and 292.

We duly pass on to A.F.H.Q. the numberous appeals by the Vatican that Italian cities and towns containing religious and artistic monouments and treasures and isolated buildings of special religious and artisitic importance should be spared from damage. We did so in the case of your telegram No. 115 and have done so again in the case of your telegrams under reference.

2. In informing Vatican of the above you should take the opportunity of explaining to them that at the beginning of the campaign in Italy the Supreme Allied Commander in Chief, Mediterranean, issued a special order to all commanders making it clear that Italy is a country which has greatly contributed to our common cultural inheritance; that it is rich in monuments whose creation helped and now illustrate the growth of our common civilisation: and that in so far as military necessities permit, these monuments should be spared from all damage. Lists of such monuments have been issured for the information and guidance of all commanders. The Vatican can therefore be assured that in so far as the Allied air and ground forces are concerned every possible precaution is being taken to preserve from the effects of military operations Italian historic and artistic monuments.

3. As you will appreciate German reply about Orvieto is far from satisfactory.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Lebanon

OUTWARD TELEGRAM

C222718

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

8/ 7-5

[CYPHER] WAR CABINET DISTRIBUTION.

FROM FOREIGN OFFICE TO BEIRUT.

No. 233
9th May 1944.

D. 4.00 p.m. 10th May 1944.

Repeated to Ambalg No. 453
M.E. Min. No. 1638

444 444 444

Your telegrams Nos 174 and 215 [of 1st April and 20th April: Lebanese diplomatic representation in London].

The King has approved the appointment of M. Chamoun as Minister Plenipotentiary in London. You may inform Lebanese Government accordingly. At the same time you should request that no public announcement should be made until May 20th. We shall announce appointment here on that date unless we hear from you to the contrary.

2. He will not be able to enter this country at present, see my telegram No. 12 Circular, and you should warn him of this.

[Copies sent to Mr. Wiltshire and Major Howell].

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Libanon

OUTWARD TELEGRAM

C222720

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] WAR CABINET DISTRIBUTION.

FROM FOREIGN OFFICE TO ALGIERS (AMBASSADOR)

No. 454
9th May 1944.

D. 4.30 p.m. 10th May 1944.

Repeated to Beirut No. 234
M.E. Min. No. 1639.

444 444 444

Your telegram No.457 [of the 18th April: Lebanese diplomatic representation in London].

Please inform M. Massigli that I do not feel there are any reasonable grounds for delaying longer giving agrément to a Lebanese representative, and inform him of the action taken in my telegram No. 233 to Beirut.

[Copies sent to Major Howell and Mr. Wiltshire].

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Greece

OUTWARD TELEGRAM

C222721

R

[EN CLAIR] POLITICAL DISTRIBUTION

FROM FOREIGN OFFICE TO HIS MAJESTY'S AMBASSADOR TO THE GREEK GOVERNMENT CAIRO

No. 211 D. 11.20. p.m. 10th May 1944

10th May 1944

Repeated to Resmin Med No. 992.

8 8 8 8

IMMEDIATE

Following is text of question and answer in Parliament on May 10th.

Mr. Gammans - To ask the Secretary of State for Foreign Affairs, if he is yet in a position to make any statement regarding the relations of the Greek Government towards the underground movement in Greece.

Secretary of State - The Greek Prime Minister is about to hold a conference with delegates from the political parties and resistance organisations in Greece with a view to forming a national Government which will be fully representative of all patriotic opinion in the country. This conference may well be decisive for the future welfare of Greece and His Majesty's Government much hope that M. Papandreou will be successful in his efforts to establish political unity on a firm and lasting basis.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

OUTWARD TELEGRAM

C222722

AS 2476/133/G

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] WAR CABINET DISTRIBUTION

FROM FOREIGN OFFICE TO BUENOS AIRES

No. 330. D. 6.15 p.m. 10th May 1944.

10th May 1944.

Repeated to Washington 4078.

rrrrrr

IMMEDIATE

Your telegram No. 485 [of May 6th: Argentine situation]

Please telegraph your estimate of your United States colleague's fears that a further deterioration of the situation might result in embargo on exports to United Nations. Can you confirm "Daily Telegraph" report that Argentine Government are insisting on withdrawal of Costa Rican Embassy on the ground that Costa Rican Government do not recognise them? Recent telegrams from you and His Majesty's Ambassador Washington suggest to us that there is a danger of situation developing on following lines:

(1) Brazilian Government recognise Argentine Government either implicitly or explicitly as a result of Brazilian Ambassador's funeral arrangements

(2) Argentine Government demand before May 25th withdrawal of foreign Missions which do not recognise them

(3) Mr Hull rather than appear to weaken withdraws United States Embassy and calls upon us to follow suit

(4) Argentine impose partial or total embargo on exports to United Nations.

2. How seriously do you take this danger and have you suggestions for action on our part which would prevent it developing?

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

OUTWARD TELEGRAM

C222723

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

C

[CYPHER]

WAR CABINET DISTRIBUTION

FROM FOREIGN OFFICE TO MADRID

No. 572 D. 4.55 p.m. 10th May, 1944

10th May, 1944

Repeated to Tangier No. 98
Washington No. 4077

a a a

MOST IMMEDIATE

Tangier telegram No. 163 [May 9th:]; [closing of German consulate at Tangier].

Without asking you for the present to modify the line with the Spanish Government indicated in paragraph 3 of my telegram No. 567 [of May 9th], I wish you to know that we must insist on closing down of German consulate at Tangier and departure of consul and his staff before loadings begin. You should therefore attempt to obtain from General Jordana a definite date or a time table of the stages by which Germans depart.

OTP

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Turkey

OUTWARD TELEGRAM

C222724

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

R7349

[CYPHER] WAR CABINET DISTRIBUTION

FROM FOREIGN OFFICE TO ANGORA

No. 581. D. 11.25 p.m. 10th May 1944.

10th May 1944.

Repeated to Washington 4088.

rrrrrr

IMMEDIATE

Washington telegrams Nos. 2393 [of 6th May] and 2406 [of 8th May: economic policy towards Turkey].

Line proposed by State Department in Washington telegram No. 2393 does not seem to me to differ fundamentally from that which you proposed in your telegram 672. Either could be used for the purpose of negotiating an immediate agreement of the type proposed in Ministry of Economic Warfare telegram No. 239 Arfar (to which we still await an answer).

2. To judge from paragraph 2 of Washington telegram No. 2406 State Department would accept any course of action recommended by yourself and your American colleague. Could you not therefore draw up with him an agreed formula of approach and forward it urgently to us and the State Department? If you could work into it a suggestion for an agreement on the lines of Ministry of Economic Warfare telegram No. 239 Arfar so much the better.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222725

COPY NO. 3

TOP SECRET

MEETING OF PRIME MINISTERS

In view of the specially secret nature of the matters dealt with, the full record of the Meeting held at 11.30 a.m. on Tuesday, 9th May, is being given a very restricted circulation

The attached Confidential Record is circulated for the personal information of the Dominion Prime Ministers.

(Signed) E.E. BRIDGES
J.E. STEPHENSON

Joint Secretaries

Offices of the War Cabinet, S.W.1.

10th May, 1944.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

The circulation of this paper has been strictly limited. C222726

It is issued for the personal use of Prime Minister of Canada.

~~MOST SECRET.~~ Copy No. 3

TOP SECRET

P.M.M. (44) 9TH MEETING

Confidential Annex

POST-WAR WORLD SETTLEMENT

MR. ATTLEE, who presided at the opening part of the meeting, explained that Mr. Churchill had been delayed in the House of Commons and would therefore be absent from the opening part of the meeting.

MR. EDEN explained that the papers circulated under P.M.M.(44) 4 on a Future World Organisation had been prepared in the Foreign Office to facilitate discussion. No decisions had been taken on them by His Majesty's Government in the United Kingdom, and they had not in fact yet been taken in the Cabinet, although they had been examined by a Committee of Ministers.

The United States Government had suggested that informal discussions of an exploratory and non-committal character, on the official level, should take place in Washington next month between representatives of His Majesty's Government in the United Kingdom, the United States Government and the Soviet Government. No documents had yet been exchanged, but we were anxious to let the United States Government have, before these discussions took place, the papers now circulated, subject to such modifications as might result from discussion with the Dominion Prime Ministers, and we understood that the United States Government were likely to reciprocate with papers of their own on the same subjects. We were not yet aware of the intention of the Russian Government.

During Mr. Stettinius's recent visit there had been discussions in general terms which had left the impression that the mind of the United States Government was moving very much on the lines of the papers now circulated by the Foreign Office. We did not, as yet, know what line the Soviet Government were likely to take or, indeed, their attitude towards the proposed conversations, except that M. Molotov had indicated at an earlier stage that he thought the idea of conversations a good one. It was relevant that the original suggestion at Moscow for carrying the Four Power Declaration further had come from the Russian side. He (Mr. Eden) had then supported it. Mr. Cordell Hull had been a little reluctant to commit himself to it at that stage, as he was not then certain of the attitude of Congress; but the latest information both from our Ambassador in Washington and from Mr. Stettinius was that Mr. Hull now felt that if agreement could be reached on general ideas about post-war organisation, and if, in the course of the late autumn, an announcement of a provisional character could in consequence be made, there was little chance of the Republicans going back on any such declaration, and that there would be a better chance of getting United States opinion behind it.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

It would be seen that the scheme set out in these papers embodied the best features of the old League organisation. We had aimed at laying down principles rather than elaborating rules or definitions. The fundamental conceptions which we believed were shared by the United States Government were a fully representative world Assembly and a small World Council, the composition of which would have to be discussed, but the bases of which would be the three Great Powers (with, perhaps, China) who would have to carry out military decisions at the request of the World Council.

There were two points to which his League experience led him to attach considerable importance. In the first place, the proposed World Council, if it worked, was, he thought, a conception of great significance and importance. The Council of the League had worked very well - better indeed than any other organisation of that body. He had never regarded it as being unrepresentative. It was satisfactory from the Dominions point of view since it secured representation for them. It was easy to overdo the criticism based on South American representation on the Council, for, while the South American members might not have made any positive contribution, at any rate they did no harm, and their presence there was not a handicap. It would be observed that Mr. Churchill, in his paper P.M.M.(44) 5, was in complete agreement with the idea that there should be such a Council, although in connection with it he had developed the idea of regional committees.

His second point was that if these arrangements for the future world organisation were to work, they must have the necessary force behind them. If that force was lacking, they could not work. The big failures of the League of Nations were due to the lack of force - possibly to some extent to the lack of the will to use force. The absence of the United States was, of course, also a very relevant factor. The co-ordination of military forces to be placed at the disposal of the World Council was an important point which would have to be carefully worked out.

The scheme ensured that the burden of supplying forces to give effect to or provide backing for the decisions of the World Council would be widely distributed. Any organisation of this nature, if it was to live, must have the confidence of the small powers, and he thought it would have that confidence, in proportion as the small powers contributed to the working of the organisation.

The functional Committees proposed in the scheme contained in P.M.M.(44) 4 were also important. They would play their part in conjunction with the political organisation.

The only other point on which he wished again to touch, since it was not perhaps sufficiently clearly brought out in the papers, was that we were still at a stage in which His Majesty's Government in the United Kingdom had reached no final decision about the details of the organisation suggested, although they were entirely settled in their minds that they wanted a world organisation. As he had already explained, what they had in view was conversations between officials in Washington in June. Our representative would be headed by an official of very high standing, probably Sir Alexander Cadogan. Discussions

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

would be non-committal, but if they were successful, and the representatives of the United Kingdom, the United States and Russia were able, as a result of them, to come close enough to agreement, then something might be put out as a scheme in the late summer, before the American Elections.

MR. MACKENZIE KING said that he had not yet had time to study these important papers, which had only just reached him, but that on such consideration as he had been able to give them, the approach embodied in them seemed to him to be excellent. He wished to express appreciation of the care with which the Foreign Office paper had been prepared, and also of the tentative manner in which some of the proposals embodied in them had been put forward. Speaking generally, this document gave a sound basis on which to work. He would not like to be regarded as committed to any special features, for he had had insufficient time to consider the papers. He thought, however, that the main features would be generally satisfactory to Canadian opinion, and would be accepted by it pretty fully. He agreed that there would be advantage in further exploratory discussions at Washington next month.

In reply to a question by MR. EDEN as to whether, on the matter of tactics, he agreed with Lord Halifax and Mr. Stettinius that there would be advantage in some announcement before the American Elections, MR. MACKENZIE KING said that he thought this would depend on how far the Republicans agreed to make the matter one of common policy. In the last Election the President had been fortunate in having agreement on foreign policy with Mr. Willkie. If a similar agreement could now be reached with the Republican candidates, there was everything to be said for it, but it was very difficult to say what the attitude of the Republicans would be. Mr. Willkie had earned great praise and considerable support as the result of supporting the President on foreign policy in the last Election campaign; and failure on the part of the Republican Party to take a similar line now might be turned to their disadvantage.

FIELD MARSHAL SMUTS suggested that the argument was that if the matter were put forward before the Elections, the Republicans would be unlikely to wish to contest it, because the case for a world organisation was so clear, and had so much support in the United States. If proposals for a world organisation were put forward at this date, he thought it unlikely that any political party would think it wise to contest them; while if they refrained from criticising them when they appeared, it would not be easy for them to do so after the Election had taken place.

MR. CURTIN said he had dealt with this general issue in his speech at Canberra on 14th December, 1943, and doubted if there was anything which he could usefully add to what he had said then. On the question of tactics, he asked himself how a Government could enter into discussion with another Government before deciding what it sought itself, and how it proposed to achieve its objects. It might be taken for granted that the Dominions and Australia, and all the smaller countries, would be anxious for a world organisation. In the nature of things such an organisation would not succeed if, like the League of Nations the controlling body contained a large number of members. If it did that, it would lack a central core of effectiveness and ran the risk of turning into a debating society, the resolutions of which carried no authority.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

It seemed to him that His Majesty's Government in the United Kingdom were anxious to achieve an agreement with the United States and Russia which also committed China, by including her in such arrangements as were made. He remained of the view he had expressed earlier about China. If Russia, the United States and the British Commonwealth were not each of them part of the nucleus of the world organisation, the world organisation would exist only on paper and would be a replica of the League, unable to deal with the problem of security, which would have to be handled in some other way. The best course for us to take at this stage would be to bless the general scheme for a world organisation, and to do our utmost to bring it about, without concerning ourselves too greatly about the precise details. After all we, the nations of the British Commonwealth, were the oustanding example in the world of effective association for security. He was as much concerned with security as with the world organisation. He did not want a label without any substance in it. We could look forward hopefully, and he was quite agreeable, to discussion in Washington provided that Russia was present, and on the assumption that any talks would be non-committal and would be on the official level. Papers of the type now circulated by the Foreign Office could be put in to a pool for examination with papers by the United States Government and perhaps of Russia. Out of the three, we might get agreement on the essential, viz. the adhesion of those three countries to the world organisation once it was established.

If, however, Russia or the United States stood out, he would prefer, while favouring and supporting the proposed world organisation in all appropriate ways, to get on with studying the security of the British Commonwealth.

As regards the content of the Foreign Office paper, he was unable at the short notice available to him, to express any firm opinion. In any event, he did not feel that on a matter of this kind it was appropriate that he should offer a personal opinion. He would wish to speak on behalf of his Government. The opinion of his Government had, he thought, been expressed in his speech on 14th December last at Canberra. He had urged in that speech the importance of co-operation within the British Commonwealth. Our effectiveness in the World Council would be related to the degree of co-operation that we had independently been able to bring about and consolidate among ourselves.

The Foreign Secretary had observed that the small powers would be more interested in the world policy if it fell to them to make a contribution to the world police force. He thought it wise to sound a note of warning on that point. Careful study would be needed of the disposal of the forces to be earmarked for the world organisation. Australia had a huge problem in the Pacific, where there were dozens of islands, and she must be at pains to ensure that there was no risk of Japan using them as bases for her own rehabilitation. The Australian Parliament would wish to know to what destinations Australian forces, made available to the world organisation, would be liable to be despatched. MR. EDEN. explained that his remark had been directed to the countries of Europe outside the Big Three and that he had not had the Dominions in view.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

/At this point MR. CHURCHILL entered the meeting and took the Chair/.

MR. CURTIN continuing, said that the world organisation must be dependent on the great powers. The regional problem was one with which the Dominions themselves, either in the world organisation or in association with the British Commonwealth, could usefully deal. In any event, the British Commonwealth must not put all its money on the uncertain horse of 'world organisation' which did not win too many races.

The order of priority in which we would place our objectives might be as follows:-

First, the security of any part of the British Empire. That was the responsibility in the first instance of a system of national defence which was a matter for the political government concerned.

Next, the extent and nature of that system would be influenced by the degree of Empire co-operation that could be established, and by the extent to which a reasonable system of collective security could be organised throughout the world.

He would illustrate what he had in mind as an example. The primary responsibility for the defence of Australia must fall on Australia. But Australia could not stand by herself, and hence must look to her historic association as part of the British Commonwealth, and therefore make an arrangement with the British Commonwealth. The British Commonwealth as a whole should decide the nature and necessity of the arrangements to be made within itself, having regard to the strength, or lack of strength, of the world organisation.

The order in which he had stated his argument was different from that which had been adopted in the papers before the Meeting. But in fundamentals it conformed to the principles of those papers. He would only add that every community in the future, so far from welcoming military or policing burdens, would try to lessen military expenditure and would prefer to farm out responsibilities of that order to someone else, so far as practicable.

MR. CURTIN asked Mr. Churchill what was the nature of the Regional Council for Asia which he had in view, and whether its limits would be continental, or would be the boundaries of the Pacific world. The Dominions inevitably took a more active interest in certain regions of particular geographical and strategical concern to them than in the world at large. It would be presumptuous, he felt,

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222731

for them to expect to have a decisive voice in the handling by the United Kingdom Government of the problems of Europe. On the other hand, there were practical problems in the Pacific on which, because of Australian familiarity with that area, he felt that the Commonwealth might be better able to advise than the advisers immediately available to His Majesty's Government in the United Kingdom.

MR. CHURCHILL said that he had an entirely open mind as to whether the body which he had tentatively suggested as a Council of Asia should be called the Council of Asia or the Council of the Pacific. Russia and India were both great nations in Asia. In his conception all the Dominions which had an interest in the area, and also the United Kingdom because of her interests in Asia, would be represented on the Council, and a substantial bloc would thus result. The Dutch and the French must be associated with it. As regards the Pacific islands, the United States, after their lavish expenditure of money in connection with the war, would expect their strategic position and security in the Pacific to be adequately safeguarded. He felt, himself, that if they captured individual islands which hitherto had been in the possession of the Japanese, there was no reason why, by arrangement, they should not hoist their own flag over them. It might well be that we should see a position in which a number of islands would be under a world body with varying classes of trusteeships, assigned to different States. The principle of bases going under the safeguard of the United Nations and thereafter held by a particular nation under one flag or another with a variety of arrangements for local dispositions was an important one.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222732

MR. MACKENZIE KING drew attention to the importance of the part played by geography in finally deciding what should be done and how best it could be done. Canada was next door to the United States, and the result was that during the present war, when a common peril faced them, defence arrangements had become very closely interlocked. The Canadian Government had in fact established a permanent Joint War and Defence Board with the U.S.A. The use of the word "permanent" was significant in relation to the discussion that was now taking place. He felt a little doubt, himself, that this Board would remain in existence after the war. Certainly, Canada was anxious in present circumstances that it should do so. The two nations did their share in preventing the enemy from crossing each other's territories. For that reason, it might perhaps be possible to work out a stronger combination if we were careful not to make anything exclusive. Canada was able to bring the United States into co-operation with us as part of the British Commonwealth. The United States, on the other hand, were happy to have the British Commonwealth playing its part in the Pacific. It would be unwise in our ideas for a world organisation to over-emphasise the idea of a bloc, and it might be wiser to concentrate on how the most effective co-operation could be worked out.

MR. FRASER said that he must study the documents, which he had not had time to examine closely, before he could make any real contribution. But he thought them, on such perusal as he had been able to give them, a sincere and comprehensive effort to meet the situation in the light of experience and in the light of the history of the League and the lessons which had been learned from its working. There were one or two matters that would need close examination, in particular the regional proposals. It was not possible to get security in any region without world security.

He added that he found it difficult to see what the Council of Asia, proposed in Mr. Churchill's memorandum (P.M.M.(44) 5) could do without the risk of splitting up the world on the security issue. The proposed Asia Council looked to him rather like a replica, on a lower level, of the proposed World Council; and the Great Powers who would compose the World Council would be predominant in the Asia Council. We ought to consider what questions could with real advantage be referred to the Asia Council for settlement. The world was so linked up today that Africa, for example, had very close points of liaison and contact with certain parts of Asia. He was apprehensive that the multiplication of Councils might create rather than smooth out difficulties, and his own instinct was to concentrate on the proposed World Council.

FIELD MARSHAL SMUTS said that the meeting had before it a very interesting set of papers on the future world organisation prepared by the Foreign Office, and a very striking paper on somewhat different lines by the Prime Minister (P.M.M.(44) 5).

THE PRIME MINISTER said that while there were differences of emphasis and degree between his paper and the paper circulated by the Foreign Secretary, there was no difference of principle, and that the Foreign Secretary had, of course, seen his paper before it was circulated. There were certain points to which he personally attached great importance, in particular the idea of Regional Councils and the idea of a United States of Europe. But there was much in the two papers that ought to be read together.

FIELD MARSHAL SMUTS said that it was the emphasis given in the Prime Minister's paper which attracted him, and the stress which it laid on fundamental issues. The question of a world organisation involved, as he saw it, two great issues - the first, responsibility for taking effective action, and the second, the general organisation and function of the new system.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

The League had been in principle a good body, and on the whole the scheme underlying it had been well thought out and had worked well. It had come to grief on the first point he had just mentioned, viz. taking responsibility for effective action when danger arose. Responsibility for effective action to see that peace was maintained must be definitely assigned. He liked Mr. Churchill's idea of saddling the World Peace Council, and especially the three Great Powers, with this responsibility. No scheme could be successful unless this issue was settled, and he favoured the allocation of this responsibility from the outset to the World Peace Council and to the three Great Powers. This idea was common to the Foreign Office papers and to the memorandum circulated by Mr. Churchill.

The second issue was the constitution and function of the new organisation. He had a good deal of sympathy with the regional suggestion which Mr. Churchill had put forward on this point, if the difficulties could be overcome. No difficulty arose in the case of the Americas. The unit that would embrace the Continent of Europe was the crux. What was Europe? Was it the Continent of Europe? Surely it was something more than that. Surely North Africa and the Middle East and the Arab world should be included in the Council of Europe. He doubted if we could take our stand merely on an area bounded by the boundaries of that Continent: a re-definition of this block would be needed.

MR. CHURCHILL said that what he had had in mind was the Powers of Europe.

FIELD MARSHAL SMUTS, continuing, said that Mr.Churchill's regional scheme had dealt with continents. But interests were so interlocked, and the overflow over continental boundaries was such, that he felt in the case of any European Council it would have to be considered whether North Africa and the Middle East and the Arab world would not have to be attached to it. Again, when we came to Asia it was really a question of the Pacific and of all countries that bordered on the Pacific. Examination of the composition of these units suggested therefore that their basis could not wisely be regarded as strictly continental.

Africa was something apart and he regarded it as a quite separate and special problem and he had nothing to say about it today. Apart from its north coast and the great areas held by the French in West Africa, it was really essentially a British interest. He did not overlook that it contained important Belgian and Portuguese colonies, but those countries were really in present conditions essentially appendages of the United Kingdom, and their African possessions so fell within the British sphere. Africa could on that assumption, with the exception of the substantial French areas, fall within the British sphere and need not be dealt with separately. But if other continents were to be considered as units, a re-definition would have to be considered. If something like that could be worked out satisfactorily, he would be inclined to favour the scheme of regional units which had been suggested by Mr. Churchill in his paper. On top of these regional units there would be a world body constituted from the three Great Powers. All this appealed to him, and he thought that it might well have a strong appeal to the United States which might be greatly attracted by the idea of an American block. In particular he greatly favoured the idea of a European group.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Field Marshal Smuts added that the organisation sketched in the Foreign Office paper followed the old League model, but with very great improvements. The League organisation had needed amendment in many important respects, and the line taken in the suggestions which the Foreign Office had laid before the meeting was in line with the trend of the best opinion as regards the world organisation. His tentative conclusion was that he would adopt the Foreign Office scheme, but would be inclined in doing so to stress the points taken in Mr. Churchill's separate memorandum, and in particular that responsibility for action would lie in the first instance with the Great Powers. It might be worth considering a closer welding together into a single structure of the suggestions contained in the Foreign Office memoranda and in the Prime Minister's note, though he recognised that, as the Prime Minister had explained, the difference between those two sets of papers was essentially one of emphasis.

MR. EDEN referred to the regional problem and to the proposals for Regional Councils which had been put forward in Mr. Churchill's memorandum. He said that the chief difficulty he saw in the working out of the regional plan, attractive as its conception was, was how to define the authority of these Regional Councils. Thus, would the European Council proposed by Mr. Churchill be the normal machine for dealing with European problems, and would the World Council be brought in to deal with those problems only exceptionally? Which would be the "top dog"?

His second question was what would be the composition of the European Council: Clearly it must contain the United Kingdom and Russia. Was there any risk that Russia might feel some doubts as to what might lie behind the proposed organisation and possibly some suspicion that it might be directed against her?

Finally, he asked what would be the position in relation to the European Council of the United States? That was a most important consideration. Ought we not to consider whether there were any dangers in the appeal which the idea of Regional Councils might make to the United States, and a risk that it might distract them from world problems.

MR. ATTLEE said that he was a little afraid that under this regional scheme the United Kingdom and Russia would be the only Great Powers in Europe. Between them would be a mass of smaller States gravitating into the orbit of one or the other. From that might arise a clash of the British and Russian styles of living. The United States might take the line that their interests were more in the Pacific, and that they could leave Europe to itself and to its Regional Council.

FIELD MARSHAL SMUTS said that it seemed to him essential that Britain and Russia should be members of any European Council. If they were not, the effect would be, at some point in the future, to hand over the Continent to Germany. He felt that the United States must also be associated with the European Council. He repeated that he liked the idea of the European Council since it was essential to stabilise Europe. Europe was in fact an entity, but it was most necessary in present conditions to restore self-respect to a Europe which was going to pieces.

MR. CHURCHILL said that his anxiety in regard to Europe was to safeguard the interests of the small States and preserve their individualities. The trend of Russian policy would be, he thought, to favour a large number of petty States, probably with a strong element of Communist influence, and susceptible to pressure from Russia through ideological contacts. He was anxious to see all the historic units on the continent of Europe retaining, so far as practicable, their separate individualities and not sinking to the position of satellites or subordinates of a

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Great Power. For that reason he would like to see them all sitting together in a Council of Europe, in which Russia and the United Kingdom would also be present with the United States, and which would try to give these smaller States a chance of life. The 16-unit concept of the U.S.S.R. was a formidable and carefully thought out conception, which he must frankly admit alarmed him, and which in some ways was as great a potential menace as Germany had been at an earlier stage. He was concerned also that Europe should be able to handle affairs of particular interest to her, without the need for States from South and Central America, or Siam, or China, which were unfamiliar with the nature and complexities of those problems, to be associated with their solution. And all this was of great importance to the Dominions, since unless some such arrangement could be come to they would again inevitably be drawn into wars arising from the terrible and deep-seated quarrels of Europe.

The World Peace Council would be concerned only with the keeping of peace. He had never suggested that it should interfere in any way with the sovereign independence of countries except for the purpose of preventing them from attacking each other. He hoped that we could develop a certain European consciousness. As to Russia, let us remember that we spoke of Russia in Europe and Russia in Asia.

In the Council of Asia the British Commonwealth would be strongly represented, and it would be its business to build up a machinery to prevent trouble arising with the yellow races. On the World Council there would be Britain and the United States whose interests could not clash. It would be seen that inside this scheme the British Empire would be represented beneficently on all these Councils. His object was to preserve the conscious identity of the small Powers, and for that the British Empire was a model.

MR. CURTIN suggested that we might be getting too deep into detail. He asked whether there was not a risk that by doing so we should give rise to suspicions that this was a plan to keep certain of our present Allies from becoming too strong, and thereby defeat the whole object which we had in view? The basis of the world organisation, as he saw it, was the three Great Powers which would have won the war and which would make it their responsibility to keep the peace. Washington, as he understood it, was pressing for a meeting to discuss the general question of an organisation to ensure peace. Surely the right plan was to enter those discussions without any formalised set-up as the view of the British Commonwealth, and to say that if for political reasons the United States thought that this was a favourable time to secure general United States adhesion which would commit both Parties even before the Election, we should be all in favour of their doing so. The less we complicated any such general scheme with issues such as regional dispositions, the more likely we should be to get the United States and Russia to agree to it. While he understood that the United States had asked for an exchange of documents

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

and accepted that the Foreign Office papers did not carry us beyond the Moscow resolution, was there any risk that if we allowed the Foreign Office document to go out in advance of the proposed Washington Conference we might alarm the Russians. He would like to know whether the British spokesman at the official conference would speak for the United Kingdom only or for the Empire? If there was in fact a general consensus of views at the present meeting, it ought to be possible for us to reach a view in principle, knowledge of which would be of value to the British spokesman in the forthcoming conversations.

MR. BEVIN said that he felt that Europe would want to know the price of non-aggression. The last time the basis had been President Wilson's Fourteen Points. The answer might have a great influence on the masses of people in Europe.

MR. FRASER suggested that the Dominion Prime Ministers might take away and study the Foreign Office paper and the memorandum which Mr. Churchill had circulated, thereafter giving Mr. Eden their opinions in writing. Very grave issues were involved and further thought was needed; but the procedure suggested would enable the Foreign Secretary to send his representative to Washington with some knowledge of the mind of the Dominions on this issue.

MR. CURTIN suggested that the timetable would admit of the Dominion Prime Ministers consulting their Governments and formulating agreed views.

MR. CHURCHILL said that the first difficulty which His Majesty's Government in the United Kingdom had to face was that they were under continual pressure in Parliament for their answer to the world problem, and that it was not possible to postpone an answer indefinitely, though he recognised the force of the point that had been taken as regards consultation by the Dominion Prime Ministers with their governments. Secondly, we could not take our stand entirely on generalities or expressions of goodwill - something more positive would be demanded here as well as for the forthcoming conversations in Washington. He had hoped himself that before this most important meeting, on which the eyes of the world were fixed, broke up we might be able to reach some general degree of tentative agreement among ourselves.

As regards the position of Europe, this was the storm centre, the place where the weather came from. It was essential therefore to take the greatest pains to make satisfactory arrangements for handling its problems, and, in particular, to give some life to the area west of a line running south from the Curzon Line to the Black Sea. If no provision was made for

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Europe we ran tremendous risks. He wished in that connection to touch on the interesting and important suggestion which Field Marshal Smuts had made at an earlier meeting, that Holland, Belgium and perhaps the Scandinavian Powers might be more closely associated with the United Kingdom. He had thought about that, but in the outcome he did not see how we could undertake such a responsibility. The fact that we were an island had saved us in the past: if we had to maintain a continental foothold, we would need a great standing army, which the people of this country would not be willing to maintain. He felt little doubt that the Dominion Prime Ministers would find themselves confronted with a similar reaction if there were in their country to be a demand for maintaining a substantial standing army for general security purposes. He could not ignore the probability that the United States Government would be under strong and continuous pressure from America to withdraw troops from Europe, and that after one Presidential election we might find there were no United States troops left in that continent. It was in those circumstances that he felt that one of our endeavours must be to build some entity in Europe and to give a sense of self-preservation to the countries of that continent. It must be remembered that at Tehran both Russia and the United States had been strongly in favour of the dismemberment of Germany.

Continuing, MR. CHURCHILL said that he attached the greatest importance to the three Great Armed Powers acting as a Peace Executive or Steering Committee. That was the essential difference between the scheme of the League of Nations and the present scheme, and the establishment of this Committee was the real remedy for the weakness that had proved fatal to the otherwise well thought out scheme of the League. Regional arrangements were of relatively secondary importance as compared with it, though he did attach great importance to regional arrangements. As for the division of responsibilities between the European Regional Council and the World Council, he thought some subjects would have to go before both. In a particular case he could conceive that the European Council, where it felt that there was a threat to peace which had come to its notice in Europe, would proceed to lay the case before the Supreme Peace Executive of the World Council. By the World Council, facts would be established, action taken and warning issued. If that warning was disregarded orders would be given to the States of the world to call up the forces which they were under obligation to provide against the offender. Once that great machine was set in motion, with the power at its disposal, he felt that there was little danger that a larger State would persist in action likely to lead to the breaking of the peace.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

He had already made it clear that, under the World Peace Executive or World Council, he contemplated a World Assembly of which all States, other than the guilty States who had been responsible for and defeated in the war, would be members. That Assembly might perhaps establish sub-committees for the studying of the interests of particular regions.

What derogation from national sovereignty would be involved. In his scheme the only derogation was for the prevention of war. The scheme entrusted responsibility for preventing war to the three Great Powers at the top. But there was no question of the World Council, which those Powers composed, interfering with the internal affairs of any countries in the world or with their relations with one another, save only to such extent as those relations might threaten world peace. There would be no need, for instance, for treaties between countries, subject always to that reservation, to come before the World Council, and it was only if the World Council had reason to believe that a particular treaty or a particular action had in view or was likely to constitute a threat to world peace that there would be any question of its moving.

MR. MACKENZIE KING said that the more he thought of the Regional Councils and the World Council the more he thought that very careful further consideration of this concept would be called for. He quite accepted the special position of Europe as Mr. Churchill had defined it. But the emphasis, if there was to be a Regional Council as well as a World Council, ought to be very strongly on the World Council, and anything done on the Regional Council ought beyond question to emanate from the larger World Council. If we began to build on the foundations of the Regional Council there was a real risk that we should develop a regional feeling. Public opinion in the United States and Canada would welcome a Regional Council for the Americas and Regional Councils for the other parts of the world, since they would construe such an arrangement as meaning that the Americas were safe and that they were rid of Europe and Asia and their problems. Nevertheless, he still felt that Regional Councils would serve a very good purpose, but the emphasis must be on the world organisation.

MR. FRASER thought that Mr. Churchill's suggestion for regional sub-committees of the World Assembly for studies of the interests of particular regions might well be the solution.

MR. BEVIN suggested the taking of power to establish regional bodies which would have responsibility delegated to them, and the letting of these regional bodies grow by experience. They might well grow into something of value, but the main constructive power should remain with the central organisation.

FIELD MARSHAL SMUTS thought that the real point was, as Mr. Churchill had said, the Steering Committee of the three Great Allied Powers, and that the regional aspect was secondary.

MR. MACKENZIE KING said that he assumed that by the three Great Allied Powers Mr. Churchill had in view the three Great Powers established during the war. During the war they in the Dominions had all accepted the leadership of the Prime Minister of the United Kingdom and of

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

President Roosevelt. Would the World Council be composed of those countries or of something wider; would the United Kingdom or the British Commonwealth be the member? That raised a very big question.

On the matters that had been under discussion at this meeting, he felt himself that what was needed was the view of Dominion Cabinets rather than of Dominion Prime Ministers. To-day's discussion had brought out very well the issues involved. He thought that the wise course would be to take them up as soon as might be for consideration by Dominion Cabinets, and that the time-table for the Washington talks would enable this to be done.

MR. FRASER felt that if His Majesty's Government in the United Kingdom were pressed in Parliament they could give the tentative opinion which United Kingdom Ministers had formed on the world organisation.

MR. CHURCHILL said that on the point taken by Mr. Mackenzie King, it would be a very serious thing if we could not be united when it came to the point. We must take some part in the arrangements designed to prevent the recurrence of wars, and he hoped that we would be able to agree on that. That was why he had been so concerned to keep the World Council a small body with the simplest possible composition. He suggested that in any event before the meeting of Dominion Prime Ministers concluded its deliberations, it would be desirable that the terms of some parting statement to cover the work that had been done should be considered. Immense attention was centred on these discussions; the meeting of Prime Ministers from so many parts of the world was the subject of the admiration and the watchful attention of the nations. A document should, he felt, issue which, while guarded and in general terms, should contain something of leadership.

MR. MACKENZIE KING entirely agreed and suggested that drafts should at once be prepared which could be considered by the Conference before it broke up. He was anxious that as long a time as possible should be given to the Dominion Prime Ministers to consider the draft in advance.

MR. CURTIN said he too agreed, and suggested that there might be formulated a consensus view of the observations previously made during this session. So far as the world organisation was concerned he still felt that we should be careful not to take a line that might lead to misunderstanding on the part of Russia. The wise course would be to formulate a statement of principles which could be adopted by this Conference, leaving the machinery of the world organisation to be worked out separately.

Offices of the War Cabinet,
S.W.1.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222740

TOP SECRET

COPY NO. 3

MEETING OF PRIME MINISTERS

In view of the specially secret nature of the matters dealt with, the full record of the Meeting held at 5.30 p.m. on Tuesday, 9th May, is being given a very restricted circulation.

The attached Confidential Record is circulated for the personal information of the Dominion Prime Ministers.

(Signed) E.E. BRIDGES
J.E. STEPHENSON

Joint Secretaries

Offices of the War Cabinet,
S.W.1.,

10th May, 1944.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222741

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

The circulation of this paper has been strictly limited.
It is issued for the personal use of Prime Minister of Canada

TOP ~~MOST~~ SECRET.

Copy No. 3

P.M.M.(44) 10th Meeting,

CONFIDENTIAL ANNEX

COLONIAL QUESTIONS

MR. CHURCHILL invited Colonel Stanley to open the discussion.

COLONEL STANLEY said that, while he did not know what other questions the Prime Ministers would wish to raise about Colonial matters, he expected they would want him to say something about the establishment of regional bodies in colonial areas. He recalled correspondence with Dominion Governments a year ago, when, he thought, general agreement on certain principles had been reached. Similar agreement in principle had been reached with the United States regarding our proposals for the establishment of regional colonial bodies. The divergence of opinion we had had with the United States had been over their proposal for the issue of a Colonial Declaration. This had recently been further discussed with Dr. Bowman of the U.S. State Department.

Since the exchange of telegrams a year ago with Dominion Governments, the position regarding regional commissions had developed in some directions. A year's further experience had been obtained of the working of the Caribbean Commission, which was in effect an embryo regional commission. The Australian and New Zealand Governments had made known, in their recent Agreement, their views regarding the establishment of regional commissions in the Pacific which we had welcomed as being in accord with our own.

COLONEL STANLEY regarded the establishment of these regional bodies as the most important development contemplated in the Colonial field, for the following reasons:-

(1) He thought they would be of real practical value. It was of the highest importance that the Commissions should achieve practical results, in order to allay possible suspicions on the part of the inhabitants of the more advanced territories. In the West Indies suspicion of the Caribbean Commission had been dispelled because, by concentrating on practical objectives, the Commission had been able to accomplish beneficial results which were obvious to all.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

(2) He believed that the establishment of regional bodies with practical objectives in view would be an effective answer to the desire expressed in some quarters for the establishment of some form of international control of Colonial territories. So far as the British Empire was concerned, we had nothing to fear from criticism, and it was the intention to revert as soon as possible to the publication of full annual reports of our administration. But, while we welcomed constructive criticism, we were anxious to avoid ill-informed and academic interference.

He did not regard the mandate system as wholly satisfactory. It was out of date in the present day world, being largely negative in character, in that its aim was to lay down negative principles, e.g. the prevention of the use of forced labour. The system had served its purpose, but it had become more of a hindrance than an assistance. Large scale development was generally beyond the local resources of a colonial territory, and without any guarantee of permanency of sovereignty, the parent power was naturally reluctant to provide for large scale expenditure from its own funds. This had been brought home to him in a recent visit to West Africa where he had found that the Cameroons and Togoland were, for this reason, the most backward areas in the territories with which they were amalgamated. He therefore hoped that the mandate system would be abolished.

COLONEL STANLEY also pointed out the disadvantages he saw in the subordination of the proposed regional bodies to any central international organisation. Such a central organisation would contain representatives of powers who had no colonial experience and whose views on the subject could only be academic. In any case, control of colonial territories throughout the world would be a gigantic task and any supervision which was attempted by the central organisation could only be theoretical and superficial.

In his opinion, provision for third party opinion could best be made by the association with the regional commissioners of Powers which, although they had no direct interest by virtue of possession of territory in the area, were concerned because of strategic, economic or other interests. Such Powers would, he hoped, be prepared to assume a certain amount of responsibility in regard to the area.

(3) A third point was that any functional bodies established in connection with a central world organisation, such as the International Labour Office, should be encouraged to set up branches in the areas of the regional commissions to work in close co-operation with the commissions.

These were the main considerations we had in mind. Before action was taken to implement the proposals, they would require to be worked out in detail. Certain problems arose, for example:-

(a) Which areas were suitable for the establishment of regional commissions? In the Caribbean there was already an embryo organisation. In the South Pacific the Australian and New Zealand Governments had suggested another natural division. There was ample scope in South East Asia for the establishment of a commission. Africa presented more difficulties. He felt that the territories South of the Sahara presented too great and varied problems to be handled by one commission and that the solution might be the establishment of two or three bodies.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

(b) Whether defence should be included in the scope of the functions of the proposed regional commissions? On further consideration he inclined to the view that it would be inappropriate to include defence. The areas suitable for the establishment of regional colonial commissions were not necessarily the most suitable areas for defence zones. Moreover bodies charged with defence responsibilities would require to exercise some form of executive powers or control, which in his opinion would be inappropriate in the case of regional colonial commissions.

(c) In what manner should the local inhabitants be associated with the regional commissions? This was not the least difficult of the problems which had to be faced. In the Caribbean it had not so far proved possible to find a representative of the local inhabitants acceptable to all the islands. No hard and fast rules could be laid down regarding the manner in which the local inhabitants should be represented on or associated with the regional commissions; this would have to be left open for decision in the light of local conditions.

MR. CHURCHILL said that Colonel Stanley had made a concise and cogent introduction to the subject. He invited his Dominion colleagues' views.

In reply to Mr. Curtin, COLONEL STANLEY explained that he contemplated the establishment of a regional commission in the South Pacific which would include New Guinea, the New Hebrides and Dutch New Guinea. He regarded Australia as the principal parent state in this area. United Kingdom territories would be represented by the High Commissioner for the Western Pacific. He assumed that France would be represented as parent state of New Caledonia.

MR. FRASER quoted the relevant portion of the Australian-New Zealand Agreement which read as follows:-

"The two Governments declare that, in applying the principles of the Atlantic Charter to the Pacific, the Doctrine of trusteeship, already applicable in the case of the mandated territories of which the two Governments are mandatory Powers, is applicable in broad principle to all colonial territories in the Pacific and elsewhere, and that the main purpose of the trust is the welfare of the native peoples and their social, economic and political development.

The two Governments agree that the future of the various territories of the Pacific and the welfare of their inhabitants cannot be successfully promoted without a greater measure of collaboration between the numerous authorities concerned in their control and that such collaboration is particularly desirable in regard to health services and communications, matters of native education, anthropological investigation, assistance in native production and material development generally.

The two Governments agree to promote the establishment at the earliest possible date of a regional organisation with advisory powers which could be called the South Seas Regional Commission and on which, in addition to representatives of Australia and New Zealand, there might be accredited representatives of the Governments of the United Kingdom and the United States of America and of the French Committee of National Liberation."

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Mr. Fraser pointed out that the Agreement omitted the Dutch. He understood that they would be willing to come in. MR. CHURCHILL said that they would certainly wish to be associated with any regional colonial body in the area.

MR. FRASER went on to point out that New Zealand, and he thought Australia too, desired above all else to see the United Kingdom play her full part in the Pacific. His country was willing to help to the utmost of its abilities and could, he thought, contribute in practical ways, e.g. health services.

MR. CURTIN explained that his Government had contemplated two areas for regional colonial commissions to the northward of Australia. The more northerly area might include S. East Asia and the Dutch East Indies, the southerly area might be delimited as suggested in the Australia-New Zealand Agreement. Mr. Curtin called attention to the welfare and social development of the native inhabitants as one of the primary objectives. In New Guinea the local inhabitants had proved themselves loyal. This was no doubt partly due to the excellent foundations of administration laid down by Sir Hubert Murray. But his information was that in the Dutch and Portuguese territories the position was not so good. The Japanese had received a certain amount of aid from the local inhabitants and he did not think that the same loyalty had been shown to the Dutch and Portuguese authorities as had been the case in British territories. Another aspect to which he would like to call attention was the opinion voiced by certain sections in the United States, typified by the recent senatorial mission, that the United States should hold on to territories re-occupied by American arms at the cost of American lives. While he - and he thought he could speak for Mr. Fraser too - would welcome the intrusion of United States influence between their countries and Japan, they did not wish this to occur at the expense of British territory, but at the expense of the Japanese and if need be the Dutch and the French. Australia and New Zealand had not the resources to cater for such far-flung defence lines as the Marshalls and the Carolines. He hoped that the United States would undertake responsibility in such areas, but at the same time his Government had felt that some declaration of its claim to have a full say in matters affecting their interest was called for. This had been one of the reasons underlying the Australia-New Zealand Agreement. He was not altogether happy about the possibility of allowing large colonial territories to remain the responsibility of weak parent states which had not the resources to provide adequately for defence. The position could not but remain precarious and, if the Japanese succeeded in building up their power again, it would become dangerous. For this reason he hoped that the United States could be persuaded to undertake definite defence commitments abutting on Malaya. Subject to these considerations he was in agreement with the general principles enunciated by Colonel Stanley.

MR. CHURCHILL pointed out that the future of the islands to which Mr. Curtin had referred was bound up with questions of strategic security. He contemplated that all islands removed from their original possessors should pass under the authority of the United Nations for strategic purposes. Some might be held by the United States in trust for the United Nations. In reply to questions regarding the precise nature of the sovereignty which the United States would exercise, Mr. Churchill said that he thought the matter should be approached as a question of high principle. All over the world there were islands of great strategic consequence. These would come under the authority of the world organisation and be allocated amongst the great powers, which would undertake strategic responsibilities

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

to be carried out as a duty on behalf of the United Nations. The Azores and Dakar, for example, might come under the strategic control of the United States. In his view the United Kingdom should seek no territory. If pressed we might agree to undertake certain responsibilities in certain areas, but only on condition that the cost should be met from United Nations' funds.

He felt that the matter should be approached on high principles. The peace and safety of the world should be our object. But with the assumption of strategic responsibility, the Power concerned would also have to undertake to maintain certain standards of native well-being. There must be no question of despoiling the weak. The British Commonwealth was the only body of nations still in the struggle which had drawn the sword for honour alone. We must take care not to tarnish it. He would like himself to see some statement of the principles he had in mind made to the world.

MR. FRASER said that he entirely agreed with Mr. Churchill. The only honourable course was to approach the matter from the point of view of peace and safety for mankind. As regards the Marshall and Caroline Islands, they fell naturally into the United States sphere of responsibility. This suited New Zealand, as it safeguarded her outermost defence line. It should suit the United States as it secured their route to the Phillipines. He did not think that the United States would contemplate assumption of sovereignty. He thought that they would prefer to assume strategic responsibility on behalf of the United Nations as Mr. Churchill had suggested. He agreed with Colonel Stanley's remark that the United States probably hoped to have world absolution for occupation of the islands but did not wish world supervision. He felt that the objectives which they had in mind would be assisted by some statement on the lines Mr. Churchill had suggested. As regards areas in which regional commissions should be established, he hoped that provision would be made for Australian association with the more northerly area which had been mentioned, as Australian and New Zealand interests were involved as far north as Malaya. His Government would co-operate as fully as possible in the South Pacific where they were already contributing to the best of their ability towards the defence and development of the neighbouring British territories. In his opinion the Dutch and the French must be associated with the work of the commissions. One point on which he sought clarification was the manner in which it was proposed to ensure that a reasonable standard of administration was maintained, particularly in areas like Indo-China if restored to their former owners. He felt that there must be some central international body to which parent states should be required to report. For our part we had nothing to fear from such supervision, and the local inhabitants in other colonial territories would surely stand to gain.

COLONEL STANLEY explained that he contemplated an obligation being placed on colonial powers to make reports, but felt that the question of supervision could best be left on a regional basis.

In reply to questions by Mr. Fraser and Mr. Curtin, MR. CHURCHILL assured them that no change was contemplated in our sovereignty at Hongkong. It would, of course, be for the proposed World Council to indicate the points at which they considered it strategically necessary for facilities to be provided. At such points the parent Power or the Power which assumed responsibility on behalf of the United Nations would undertake the provision of such facilities as were required by the forces of the United Nations. In the Pacific the main burden must inevitably fall upon the United States.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

FIELD MARSHAL SMUTS agreed with the policy outlined by Mr. Churchill and Colonel Stanley. It appeared to him to be the only wise and sensible course. As regards Africa, he would first call attention to the value of Madagascar and its magnificent harbour at Diego Suarez. How were we to apply the principles which had been described? Were we to hand back the island to France and inform her that the United Nations would regard her as responsible for the provision of facilities and for the safety of the island? He foresaw dangers in such a course and suggested that the interest of the United Kingdom and of his country in the future of the island was comparable to the United States' interest in Dakar.

MR. CURTIN agreed and said that the position was analagous to that of New Caledonia.

MR. CHURCHILL felt that the solution lay in supervision by the proposed World Council which would be empowered to address the French Government if necessary and request the provision of proper fecilities and defences. He recalled that at the time of the negotiations for the release of bases to the United States in the West Indies, his thought had been not so much of the immediate benefit to us in the shape of destroyers, but rather of executing an arrangement to the common advantage of two powers whose only concern was mutual security. These islands were only of strategic use to a power which wished to attack the United States or to the United States for her own defence. We had regarded the defence of the United States as part of our own safety. In Madagascar facilities could be claimed for fleets moving under the authority of the United Nations, and the French could be required to ensure that the island did not fall into the hands of possible aggressors.

FIELD MARSHAL SMUTS said that he would like to have the views of the naval and military authorities regarding the Madagascar problem. In Africa itself the only territories where a change of sovereignty would be called for were the former Italian colonies.

MR. CHURCHILL said that he had been careful not to commit himself to any suggestion that Italy should recover her overseas empire. He thought that the solution might lie in some of these territories being placed under the care of the proposed World Organisation which could delegate its authority and the responsibility for administration to powers of good repute.

COLONEL STANLEY pointed out that the Italians, having only a small overseas empire, had been able to spend money on development on a scale far exceeding that of which we were capable. The territories, which lacked resources, would be a considerable burden to any power undertaking their administration.

Comment was made in general discussion upon the manner in which Powers such as Italy had produced easily demonstrable results in the shape of roads, buildings and other public works in their territories, without any real endeavour to achieve progress towards freedom and social betterment for the native inhabitants.

COLONEL STANLEY remarked that the northern frontier of Kenya had been more peaceful during the Italian administration of Abyssinia than when that country was under the Emperor.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

FIELD MARSHAL SMUTS reverted to the problem of parent states which lacked the resources to develop and defend their Colonial possessions and instanced Portuguese possessions in Africa. He assured Mr. Churchill that South Africa had no territorial ambitions in that direction.

MR. CURTIN raised the same question in regard to Dutch possessions in the East Indies.

MR. FRASER thought that the Dutch would be our most willing collaborators and MR. CHURCHILL said that he would be most unwilling to see them dispossessed. Mr. Churchill added that the proposed world organisation might be empowered to require any nation, which proved unable to maintain a reasonable standard of administration and defence, to place its colonial territory in trust and at the disposal of the United Nations. He agreed that the regional commissions would have responsibilities in this direction. He also agreed that we should seek the collaboration of Powers with real strategic and economic local interests in the work of the commissions, but he could not agree to any unwarranted interference in the affairs of the British Empire.

MR. FRASER thought that it was essential to make provision for reports on colonial administration to be submitted to and discussed by some central international body. Neither COLONEL STANLEY nor MR. CURTIN favoured this suggestion.

MR. CHURCHILL said he regarded the discussion which had taken place as remarkably valuable. A great measure of agreement had been reached. He thought that some expression of the principles they had so whole-heartedly accepted should find a place in the document which was to be issued as a result of their conferences. Perhaps Colonel Stanley would prepare, in consultation with the Dominion representatives and Lord Cranborne, a few carefully framed paragraphs which would bring out the high moral principles they had in mind, demonstrate the high spirit of unity within the British corporate body, re-assure the powerful peoples with whom we had to work about our intentions, hold out the light of hope to the unfortunate and the weak whom we wished to succour and lay stress on the all-important objectives of peace and security, law and order throughout the world.

Mr. Churchill's suggestion met with complete agreement and FIELD MARSHAL SMUTS suggested that a draft might be prepared by officials for consideration by Prime Ministers with a view to inclusion in a statement for publication at the conclusion of the conference. MR. CURTIN added that in his view this statement should deal with all the subjects they had discussed. It might begin with the conduct of the war and what the British Commonwealth would do to ensure victory, deal with the future of the world and what the British Commonwealth was prepared to do to prevent further wars, suggest machinery for achieving these objects, including the well-being and security of backward peoples, and make some reference to the machinery for collaboration within the British Commonwealth for these purposes. This last subject would not, of course, be discussed until further discussion on the nature of the post-war settlement had taken place.

Programme of Meeting

After discussion, it was agreed that the item - Defence Co-operation within the British Commonwealth - should be postponed until further discussion on the nature of the post-war world settlement had taken place, and that the item - Transport and Communications - should form the Agenda for the meeting on the following day at 5.30 p.m.

Offices of the War Cabinet, S.W.1.

10TH MAY, 1944. -7-

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT C222748

The circulation of this paper has been strictly limited.

It is issued for the personal use of Prime Minister of Canada

TOP MOST SECRET. Copy No. 3

P.M.(44) 11th Meeting, 10th May, 1944.

CONFIDENTIAL ANNEX, Minute 2.

SHIPPING

LORD LEATHERS referred to the paper which he had circulated - P.M.M.(44) 6 - summarising a number of important points in the shipping position. Post war shipping policy must be considered first in relation to the transitional period and, secondly, in its long-term aspects. In the transitional period, His Majesty's Government in the U.K. felt that it was essential to retain control of shipping if we were to meet the requirements of the war with Japan. An outline of the plan was already in the hands of the other Commonwealth Governments, and he hoped to be able to submit it shortly to the Allied Governments.

As regards long-term policy, the position was not yet sufficiently clear to enable him to formulate any definite proposals and it would be wise to postpone final decisions until later. There were, however, a number of points of interest, on certain of which he had touched in his note:-

United Nations' Control of Shipping and Shipbuilding Facilities of ex-Enemy Countries

We had ourselves in the pre-war period scrupulously observed the rules of fair play, but the enemy countries had not reciprocated. This was a point which must be borne in mind when we were making our plan.

It was proposed that during the transitional period enemy shipping should be put under the complete control of the Allies. If what were now enemy States were then to be allowed to own and operate ships, it should be under a code of rules of fair play which would prevent a recrudescence of this unfair competition.

Utilisation of Tonnage Built During the War

He had in mind, in particular, the large surplus tonnage in the United States which by the end of 1944 would probably have 3½ times as much tonnage as in 1939, and a dead weight of say 47½ million tons or 33½ million gross registered tonnage. The United States was likely to offer some portion of that surplus tonnage to the United Nations, although we had not yet got far on that subject. Possibly, a biggish block of 'Liberty' ships might come to us after the smaller Allies had been dealt with, but until there were more definite indications of the intentions of the U.S.A. there was little that could usefully be said. We should ourselves be faced with a very considerable

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

shipping shortage. He would welcome any suggestions in this connection by the Dominion Prime Ministers.

Reconstitution of Fleets of Maritime Powers

We should have a programme of reconstruction and development for shipping registered in the Commonwealth, on both economic and defence grounds. The amount of tonnage now building here would go only a very small way towards replacement.

Re-establishment of Shipping Services on an Economic Basis

He suggested that the general aim of the Governments of the British Commonwealth should be to enable British shipping to provide the Commonwealth and other parts of the world with efficient shipping services at a competitive price. Before the war, the Liner Conferences had played a useful part in this connection. He had it in mind that we should re-establish that system.

LORD LEATHERS added that he had said nothing in paper about Air Transport. He recognised that the development of air travel might create a new form of passenger traffic, but he was not at this stage disposed to think that air transport would make a big inroad into passenger traffic by sea.

MR. MACKENZIE KING said that all Lord Leathers had said commended itself very strongly to him. The Canadian Government welcomed the initiative taken for providing for orderly shipping in the transitional period. The Canadian Government had an Advisory Committee on Shipping which he would like to consider the points raised by Lord Leathers, after which a carefully considered opinion could be formulated. He agreed that post-war Commonwealth shipping policy could best be taken up at a later stage by Governments. LORD LEATHERS said that the lines between Canada and Australia might want some financial support. It was very desirable that these lines should be run. Nothing that he had said would rule out such support.

MR. CURTIN said that the Australian Government would endorse the views expressed in Lord Leathers' memorandum in their entirety. He wished to mention certain points, though not in contradiction to the views expressed in that memorandum. They were as follows:-

(a) It was essential for Australia to maintain an adequate mercantile marine. This involved the continuation of the Australian Navigation Act which reserved Australian coastal traffic to Australian ships.

(b) Australia must have her share in shipping services between Australia and the Pacific, and the Netherlands East Indies and Malayan areas. Before the war there had been a good deal of alien infiltration in these areas, and it represented a menace to security, as well as being undesirable economically. Australia proposed to continue to develop shipbuilding, both by way of developing her mercantile marine and as a measure of security. She must be sure of ships and must have continually available skilled craftsmanship and capacity to repair ships of war and ships of the mercantile marine, which could only be guaranteed by the continual provision of work of that nature in Australia.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

(c) She must be self-reliant so far as possible as regards repair and building facilities.

(d) It was essential to maintain British shipping, especially in the Pacific and the Far East.

(e) And also to maintain shipping communications at reasonable rates between the various Empire countries. In the pre-war period the rates had been extremely high.

(f) The speed of communications between the U.K. and the distant Dominions should be increased. There had been no increase that mattered over the last forty years.

LORD LEATHERS referred to the extent to which 20 knot ships had been built over the last 10 or 15 years and expressed his surprise that the position should be as represented by Mr. Curtin. He undertook to examine the matter.

MR. CURTIN went on to say -

(g) There should be no discrimination against the flag of any country which did not discriminate against the British flag. Australia had been a party to the 1923 Convention and would like that Convention revived, if necessary, as part of the general shipping policy of the United Kingdom.

(h) There should be co-operation with the I.L.O. on the matter of seamen's accommodation. That accommodation was still very far from being what it ought, and the war service of seamen had given them a strong claim to consideration. Coloured seamen could be employed, if paid Australian rates.

(j) He was strongly in favour of the revival of the Imperial Shipping Committee.

(k) We should ensure conditions under which the shipping of the world could be efficiently and economically carried out, and ensure the best conditions of employment possible.

MR. CURTIN added that, though he had urged the importance of air power in the discussions on that subject, sea power was indispensable, for the trade which the units of the Empire had to carry. We should get the best we could out of the developments in the air without sacrificing sea power.

MR. FRASER said that British Services between Pacific Coast via Honolulu, Fiji and New Zealand and Australia were long-established, and for many years had been maintained entirely by New Zealand enterprise. It was essential that a British main line of communication should be re-established both for trade and travel, and as a means of assuring the existence of a national shipping asset providing also employment for ship construction in Great Britain and for Colonial manning on service.

Pre-war British Trans-pacific trade comprised

(i) LINER,
(ii) CARGO SERVICES.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

The former was represented by the C.A. Line - four-weekly service between Vancouver, B.C. and Honolulu, Suva, Auckland, Sydney. This important "all red" Liner service was the subject of close examination by the British Governments concerned vis-a-vis U.S.A. State aided competition immediately before the war, when "pencilled" agreement was understood to have been reached for a comparable British project involving Government financial assistance combined with Company capital.

He strongly recommended that this proposal be revived on a modified basis. It should provide ships which - having regard to the future carriage of first class mail at high speed by air, - ought to have a speed of, say, 18/19 knots to cover the proposed schedule (including Melbourne). Provision should be made for fewer passengers, say, 300/350, with rather simpler accommodation than previously planned.

The Trans-pacific distance of 7,500 nautical miles Vancouver/Melbourne at liner speed would involve two vessels costing more post-war than private enterprise could provide from the limited revenues accruing from that paid for requisitioned tonnage and the enhanced cost of replacement building would also require special attention.

U.S.A. Trans-pacific liner policy will be an important factor, since there was a limit to the total likely traffic, and it would be desirable to know whether the U.S.A. approach to the South Pacific problem would be that of equal frequency, i.e., 50/50 British and American, each running separately.

If pre-war U.S.A. Pacific Liners survived, America would have at hand larger and faster vessels than British interests will likely be able to afford, and U.S.A. present Naval transport building promises further to supplement this type of ship. Consequently some measure of understanding between British and American Governments should be secured, to which end an agreed British Commonwealth attitude would be helpful.

As regards Cargo Services, such as were previously provided by Union Line with vessels manned in New Zealand, it would probably take a little while to determine what commodities required to be carried post-war between the countries concerned. This traffic would probably be handled by vessels of lesser speed and lower cost and the service would probably be within the scope of private enterprise. There was, however, an important competitive element present in the shape of some seven Swedish vessels which were invited into the Trans-Pacific trade to serve principally Australian war needs. These are running in relatively safe waters and earning large sums for their Owners who were enjoying all the fruits of neutrality. It was to be hoped that since they have been very well paid for whatever they have done, some steps can be taken to discourage their growing influence in this cross trade, which should normally be shared by U.S.A. and British interests.

He desired strongly to support what Mr. Curtin said about the conditions of living of seamen. The New Zealand Government attached great importance to this for many reasons. One result of the improvement of conditions was to increase the self-respect of sailors. An improvement meant a revolution in their social standards.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222752

He wished to add that negotiations had been proceeding with the United States in relation to their claim that Hawaii fell within the definition of coastwise traffic. A Bill had been approved for introduction into the New Zealand Parliament but had not yet been granted. The New Zealand Government had hinted that they were quite ready, if the United States maintained their attitude, to treat the trans-Tasman traffic as coastwise traffic. As regards the future, New Zealand was ready to co-operate in every possible way. The sea was of more fundamental importance to her than even to Australia, and no country depended more on the sea than did New Zealand. He supported the proposal to carry on negotiations with the United States and hoped that they would prove reasonable.

FIELD MARSHAL SMUTS said that it was clear that there would be a greatly increased United States mercantile marine after the war. Shipping was basic to the prosperity of the Empire. Was there any risk that the United States would cut in on our old routes? In South Africa the United States had, for example, cut out the United Kingdom in the motor trade, and had built themselves an impregnable position. It would be a very serious matter were they to do the same over marine transport.

SIR FIROZ KHAN NOON said that the prosperity of India's import and export trade was largely dependent on the strength of British shipping which carried all her international trade, coastwise trade being largely Indian. What was the policy of His Majesty's Government in the U.K. for maintaining the British Merchant Navy? Did they mean to have state owned shipping or subsidies to private enterprise?

LORD LEATHERS said that no decision had yet been taken on that point by His Majesty's Government in the U.K. who were postponing consideration of these problems until they put forward full plans for the post war period.

SIR FIROZ KHAN NOON enquired whether it would not be possible, given the extent to which the United States were now pressing for reverse lend-lease, for His Majesty's Government to aim at retaining any United States mercantile marine units that had been made available to us.

LORD LEATHERS said that no American ships had been handed over to us, except under charter for the war period. We were under obligation to return these under the terms of the understanding, and no analogy could be drawn with lend-lease goods.

MR. AMERY said that the United States had derived great advantages in the Pacific by subsidy and by their interpretation of cabotage. He felt much sympathy with the idea that New Zealand and Australia might, if the Americans did not behave reasonably in this matter, treat their coastal traffic as one.

MR. MACKENZIE KING pointed out that shipping depended upon trade. We should not overlook the great importance to shipping of an international commercial policy as liberal as could be devised.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

LORD LEATHERS replying said that on the point raised by Mr. Amery, up to now all flags had been allowed to use our coast and we had not claimed Colonial cabotage. So far this policy had worked out with advantage to this country. It might well be that the matter might need further scrutiny, but he would prefer to leave matters as they were until it could be seen what sort of arrangements would emerge with the United States.

As regards Field Marshal Smuts' point, he was not unduly concerned at the risk that the United States might cut in on our old routes. Their operating costs were nearly double those of European shipowners, and they could not, therefore, hope to compete with a great number of ships without a large subsidy. The employment of cheap Asiatic labour was not open to them. There was a difference of view in the United States as regards the development of their mercantile marine. Realising that there was an anxiety in some quarters in the United States to develop it he had tried so to shape his course that any such expansion should be a share in the services which the enemy had run before the war. Moreover, there had been a very big increase in the United States Navy, which felt that it would have to operate much more away from shore bases than in the past. That, under the United States organisation, required and would require a very large number of merchant ships. That would tend to reduce the number of ships available for regular merchant service use at the end of the war, because apart from the post-war needs of the Navy, those which were surplus to Naval uses would require structural alterations, which might be very costly. He felt that we should be able to reach an agreement with the United States in respect of a great deal of this surplus shipping. We should not overlook, incidentally, that if we did take over a large block of merchant shipping from the United States, the effect on our ship-building industry would be serious. These matters must be kept in a measured relationship. The whole position was fully under review and he would be glad to report progress from time to time.

Offices of the War Cabinet,
S.W.1.

13TH MAY, 1944.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Prime Minister

C222754

(THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT)

S E C R E T

P.M.M.(44) 11th Meeting

COPY NO. 4

MEETING OF PRIME MINISTERS

MINUTES of a Meeting held at 10, Downing Street, S.W.1., on WEDNESDAY, 10TH MAY, 1944 at 5.30 p.m.

PRESENT:-

The Rt. Hon. C.R. Attlee, M.P., Deputy Prime Minister of the United Kingdom, (In the Chair).

UNITED KINGDOM

The Rt. Hon. Ernest Bevin, M.P., Minister of Labour and National Service.

The Rt. Hon. Viscount Cranborne, Secretary of State for Dominion Affairs.

The Rt. Hon. Lord Beaverbrook, Lord Privy Seal. (For item 1 only)

The Rt. Hon. L.S. Amery, M.P., Secretary of State for India and Secretary of State for Burma.

Colonel The Rt. Hon. Oliver Stanley, M.P., Secretary of State for the Colonies.

The Rt. Hon. A.V. Alexander, M.P., First Lord of the Admiralty.

The Rt. Hon. Sir Archibald Sinclair, Bt., M.P., Secretary of State for Air. (For item 1 only)

The Rt. Hon. Lord Leathers, Minister of War Transport.

The Rt. Hon. Richard Law, M.P., Minister of State. (For item 1 only)

Sir Eric Machtig, Permanent Under-Secretary of State, Dominions Office.

CANADA

The Rt. Hon. W.L. Mackenzie King, M.P., Prime Minister of Canada.

Mr. Norman A. Robertson, Under-Secretary of State for External Affairs.

COMMONWEALTH OF AUSTRALIA

The Rt. Hon. John Curtin, M.P., Prime Minister of the Commonwealth of Australia.

Sir Frederick Shedden, Secretary of the War Cabinet, War Council and Department of Defence.

Mr. D. McVey, Director-General of Civil Aviation.

NEW ZEALAND

The Rt. Hon. P. Fraser, M.P., Prime Minister of New Zealand.

Mr. A.D. McIntosh, Secretary of the War Cabinet and Secretary of External Affairs.

UNION OF SOUTH AFRICA

Field Marshal the Rt. Hon. J.C. Smuts, M.P., Prime Minister of the Union of South Africa.

Mr. D.D. Forsyth, Secretary for External Affairs.

Mr. John Martin

INDIA

Lieut.-General His Highness the Maharaja of Jammu and Kashmir, Representative of the Government of India.

The Hon. Sir Firoz Khan Noon, Representative of the Government of India.

SOUTHERN RHODESIA

Sir Godfrey Huggins, M.P., Prime Minister of Southern Rhodesia.

SECRETARIAT:

Sir Edward Bridges, Sir John Stephenson } Joint Secretaries

Sir Gilbert Laithwaite

Mr. W.A.W. Clark

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

1. CIVIL AVIATION

C222755

THE LORD PRIVY SEAL reviewed developments in relation to post-war arrangements for Civil Aviation and in particular gave an account of the recent discussions with Mr. Berle of the United States State Department. It was clear from those discussions that the United States Government would not accept any plan for the international operation of trunk routes. Further, they were not prepared to subscribe to the principle of international control of air services by an international air authority on the lines of the plan worked out in the Draft Convention recently prepared by the Canadian Government. Mr. Berle had agreed that the outline plan adopted at the British Commonwealth discussions last autumn would be used as the basis for future international discussions, but it seemed clear that the United States would wish to interpret that plan in the sense of securing the greatest possible measure of freedom from control. Mr. Berle had also accepted the principle that cabotage traffic between e.g. the United Kingdom and the Colonial Empire could be reserved.

The Lord Privy Seal suggested that in the light of the above the next steps should be to pursue the course of international discussions in the hope of securing general agreement to some form of international control and at the same time to prepare, in technical discussions between competent authorities, a plan for the establishment of a British Commonwealth air route.

In the course of subsequent discussion the following points were made:

(1) It was important for Australia and New Zealand that a British air route should be opened across the Pacific. For this purpose an effort should be made to reach agreement with the United States for landing rights, etc., at Honolulu, on a basis of reciprocity with United States services to Australia and New Zealand. Alternative routes could be explored, but the stages involved appeared to be so long as to prevent the carriage of an adequate pay load.

(2) Plans should also be made for the re-opening, when practicable, of the pre-war route via Singapore, in which India would wish to participate on equal terms.

(3) The Canadian Government were still engaged in examining the various possibilities. They would wish to participate in international air services through the medium of their chosen instrument - Trans-Canada Airways. They had agreed that each country or group of countries in the Commonwealth should take responsibility for developing the air routes important to them. They had not contemplated handing over such routes in which they were interested to a joint operating body.

(4) It would be necessary to pay attention to the subsidy costs involved, since, at any rate as far as Australia was concerned, the cost of the essential internal air services would not leave any substantial margin available for subsidising external services.

IT WAS AGREED:-

That the next step would be to endeavour by international discussions to secure agreement for as substantial a measure of international control as appeared practicable. Meanwhile arrangements should be made for discussions between experts for drawing up plans for British Commonwealth and Empire Air routes.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

2. SHIPPING

THE MINISTER OF WAR TRANSPORT referred to his paper circulated as P.M.M.(44) 6 and briefly amplified the main points made therein.

In the course of subsequent discussion the following points were made:-

(1) General agreement was indicated with the proposed short-term plan and with the principles suggested in P.M.M.(44) 6 for dealing with long-term policy.

(2) Great appreciation was expressed of the services rendered by the Merchant Navy during the war. Emphasis was laid on the need for improvement of accommodation for seamen on board ship. It was suggested that there should be co-operation with the I.L.O. on maritime labour questions.

(3) The Australian Government attached great importance to the maintenance of an adequate Australian merchant navy and shipbuilding and ship-repairing industry. For this purpose it would be necessary to maintain the reservation of the coastal trade to Australian ships.

(4) Reference was made to the importance of improving the speed of shipping on the route to Australia.

(5) Reference was made to the possibility that the immense quantity of shipping which the United States would have available at the end of the war might be used to enter trades in which British shipping had previously been engaged. On the other hand it was hoped that it would be found practicable to come to some reasonable arrangement with the United States Government for the disposal of their surplus shipping. In any case United States operating costs were high in comparison with British costs, and, with greater efficiency, there was good ground for hope that British shipping could hold its own.

(6) It was suggested that the Imperial Shipping Committee should be revived.

IT WAS AGREED:-

That the suggestions made in the paper P.M.M.(44) 6 would afford a suitable basis for further inter-governmental discussions as occasion arose.

Offices of the War Cabinet,
S.W.1.

11TH MAY, 1944.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222757

(THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT)

S E C R E T

P.M.M.(44) 11th Meeting

COPY NO 3

MEETING OF PRIME MINISTERS

MEETING to be held in the Cabinet Room at
No.10 Downing Street, on
WEDNESDAY, 10TH MAY, 1944 at 5.30 p.m.

A G E N D A

TRANSPORT AND COMMUNICATIONS:-

(a) Civil Aviation
(Statement by Lord Privy Seal)

(b) Shipping
(Statement by Minister of War Transport
- see P.M.M.(44) 6).

(Signed) E.E. BRIDGES
" J.E. STEPHENSON

Joint Secretaries

Offices of the War Cabinet,
S.W. 1.

9TH MAY, 1944.

The following have been invited to attend:-

United Kingdom

The Prime Minister
Mr. Attlee
Mr. Eden
Mr. Bevin
Lord Cranborne
Lord Beaverbrook
Mr. Amory
Colonel Stanley
Mr. Alexander
Sir Archibald Sinclair
Lord Leathers

Canada

The Prime Minister
Mr. N.A. Robertson

Commonwealth of Australia

The Prime Minister
Sir Frederick Shedden

New Zealand

The Prime Minister
Mr. A.D. McIntosh

Union of South Africa

The Prime Minister
Mr. D.D. Forsyth
Mr. John Martin

India

H.H. The Maharaja of Kashmir
Sir Firoz Khan Noon

Southern Rhodesia

The Prime Minister

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Spain

C222758

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

AMENDED DISTRIBUTION 13th May 1944

[EN CLAIR]

WAR CABINET DISTRIBUTION

FROM LISBON TO MADRID

Sir R. Campbell
No. 61 SAVING D. Untimed 10th May 1944
10th May 1944 R. 7.00 p.m. 12th May 1944

Repeated to Foreign Office No. 137 Saving

n n n

The "Diario de Lisboa" of the 6th May under the headline "Gil Robles replies to the Accusations of 'A.B.C.' " publishes the following statement.

[Begins].

Gil Robles, the former Spanish political chief, who has been living in our country for some years made the following statement to us to-day:-

For the first time in nearly eight years of residence in Portugal I am appealing to the good offices of the Portuguese press to explain my attitude in relation to a report published in the morning papers, quoting an extract from an article in the "A.B.C." of Madrid in which I am described as a traitor and the request is made that I should be deprived of my nationality.

Had it not been for this public attack, I should have persisted in my attitude of abstaining from public affairs out of respect for the noble welcome which Portugal has given me in days of misfortune. I am not going to refute in the columns of the "Diario de Lisboa" the absurd accusations which, under the protection of a complete monopoly of freedom of expression, a newspaper of my country makes against me. I am only concerned to make it clear that as soon as I know the terms of the article - of which the only knowledge I have is from a telegram of the German Agency D.N.B. - I propose to appeal to Generalissimo Franco to submit all my past political activities during and after the National Movement to whatever examination and judgment he may consider appropriate. Before world opinion, I ask to appear together with my accusers before whatever judge or court, ordinary or extraordinary subject to one condition only:- the greatest liberty and publicity for both the accusation and the defence. This is all that I wish to say to-day in defence of my honour".

[Ends].

/Similar

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222759 Salvador

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

[The text of this telegram must first be paraphrased if communicated to persons outside British or United States Government service or if retransmitted in a cypher system other than O.T.P.]

[CYPHER] POLITICAL DISTRIBUTION.

FROM SAN SALVADOR TO FOREIGN OFFICE.

Mr.Stadler D. 10.30 a.m. 10th May 1944
No.62
10th May 1944 R. 8.07 p.m. 10th May 1944.
Repeated to Washington,
Mexico and
Guatemala.

QQQQQQ

MOST IMMEDIATE.

My telegram No.61.

Tension has relaxed considerably but conditions not yet normal as the populace refuses to accept General Menendez as President because it is felt he is working in the interests of Faitinez. Menendez has not yet been able to form a cabinet and strike will continue until he deposits [?grp.omitted] with a civilian. Statement issued by Army [grp.undec.?officers] yesterday supporting him has further displeased opposition. I understand that several Honduranean students who were at University here have gone to Tegucigalpa to try to organise strike on similar lines as here. Members of the Assembly are said to have fled to Honduras and [grp.undec.?Faitinez] [grp.undec.?is to] follow to-day.

Foreign Office please repeat to Ottawa as my telegram No.7.

[Copies sent to D.O. Cypher Section for repetition to Ottawa].

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Spain

C222758

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

AMENDED DISTRIBUTION 13th May 1944

[EN CLAIR]

WAR CABINET DISTRIBUTION

FROM LISBON TO MADRID

Sir R. Campbell
No. 61 SAVING D. Untimed 10th May 1944
10th May 1944 R. 7.00 p.m. 12th May 1944

Repeated to Foreign Office No. 137 Saving

n n n

The "Diario de Lisboa" of the 6th May under the headline "Gil Robles replies to the Accusations of 'A.B.C.' " publishes the following statement.

[Begins].

Gil Robles, the former Spanish political chief, who has been living in our country for some years made the following statement to us to-day:-

For the first time in nearly eight years of residence in Portugal I am appealing to the good offices of the Portuguese press to explain my attitude in relation to a report published in the morning papers, quoting an extract from an article in the "A.B.C." of Madrid in which I am described as a traitor and the request is made that I should be deprived of my nationality.

Had it not been for this public attack, I should have persisted in my attitude of abstaining from public affairs out of respect for the noble welcome which Portugal has given me in days of misfortune. I am not going to refute in the columns of the "Diario de Lisboa" the absurd accusations which, under the protection of a complete monopoly of freedom of expression, a newspaper of my country makes against me. I am only concerned to make it clear that as soon as I know the terms of the article - of which the only knowledge I have is from a telegram of the German Agency D.N.B. - I propose to appeal to Generalissimo Franco to submit all my past political activities during and after the National Movement to whatever examination and judgment he may consider appropriate. Before world opinion, I ask to appear together with my accusers before whatever judge or court, ordinary or extraordinary subject to one condition only:- the greatest liberty and publicity for both the accusation and the defence. This is all that I wish to say to-day in defence of my honour".

[Ends].

/Similar

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222758A

Similar statements are published in the morning papers of May 7th.

The D.N.B. report to which Snr. Robles refers is published as follows in the "Seculo" of May 6th.

[Begins].

Madrid, 5. The former leader of the Popular Catholic Action, Gil Robles, is described as traitor to the country in an article in the "A.B.C." which asks that he should be deprived of his Spanish nationality. The article refers to statements published by the Argentine daily paper "Ahora" together with the statements made by the emigré politicians of the Left, Madariaga, Araquistan and Ossorio y Gallardo. In all these declarations, the government of Franco is attacked in an ignoble manner.

The Spanish paper refers to the "moral inferiority of Gil Robles, who, at the moment in which the electors had greatest need of him, in the month of June 1936, fled to Biarritz, to place himself in safety, in order to see who was winning. The "A.B.C." adds that Gil Robles is especially to blame for having furnished the electoral lists of the Catholic Action to the Spanish Soviets, with the result that the assassination of many electors by the Bolsheviks was due to him.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222759 Salvador

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

[The text of this telegram must first be paraphrased if communicated to persons outside British or United States Government service or if retransmitted in a cypher system other than O.T.P.]

[CYPHER] POLITICAL DISTRIBUTION.

FROM SAN SALVADOR TO FOREIGN OFFICE.

Mr.Stadler
No.62
10th May 1944
Repeated to Washington, Mexico and Guatemala.

D. 10.30 a.m. 10th May 1944

R. 8.07 p.m. 10th May 1944.

QQQQQQ

MOST IMMEDIATE.

My telegram No.61.

Tension has relaxed considerably but conditions not yet normal as the populace refuses to accept General Menendez as President because it is felt he is working in the interests of Faitinez. Menendez has not yet been able to form a cabinet and strike will continue until he deposits [?grp.omitted] with a civilian. Statement issued by Army [grp.undec.?officers] yesterday supporting him has further displeased opposition. I understand that several Honduranean students who were at University here have gone to Tegucigalpa to try to organise strike on similar lines as here. Members of the Assembly are said to have fled to Honduras and [grp.undec.?Faitinez] [grp.undec.?is to] follow to-day.

Foreign Office please repeat to Ottawa as my telegram No.7.

[Copies sent to D.O. Cypher Section for repetition to Ottawa].

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

[The text of this telegram must first be paraphrased if communicated to persons outside British or United States Government service or if retransmitted in a cypher system other than O$T.P.]

[CYPHER] POLITICAL DISTRIBUTION.

FROM SAN SALVADOR TO FOREIGN OFFICE.

Mr.Stadler
No.63
10th May 1944
Repeated to Washington
Mexico and
Guatemala

D. 6.30 p.m. 10th May 1944

R. 4.45 a.m. 11th May 1944.

QQQQQ

MOST IMMEDIATE.

My telegram No.62.

All parties have now united to support provisional Presidency of General Menendez who has agreed to respect the wishes of the nation and has agreed to the following:

(a) Immediate general amnesty.

(b) Immediate freedom of the press.

(c) Free Presidential election as soon as conditions permit.

2. The new provisional Cabinet of all parties has been announced, the Minister for Foreign Affairs being Dr.David Rosales y Rosales although this has not yet been communicated to me.

3. Strike is to continue until General Martinez has left the country, this being the opposition's last stipulation.

4. Events of the last few days are striking example of the true civic and democratic spirit. Liberation achieved solely by the will of the people without bloodshed and unseemly disturbance should set example to other Latin American countries and in fact the whole world.

(Foreign Office please repeat to Ottawa as my No.[?grp.omitted]).

[Copies sent to Dominions Office, Cypher Section, for repetition to Ottawa].

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Middle East

C222761

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER]. WAR CABINET DISTRIBUTION.

FROM JEDDA TO FOREIGN OFFICE.

Mr. Jordan. D. 2.15 p.m. 10th May, 1944.

No.157. R. 7.5 p.m. 10th May, 1944.

10th May, 1944.

Repeated to M.E.Min.

^^^^^^^^^^^^^^^^^^^^

Your telegram No.60.

I spoke to Ibn Saud as instructed. He stated that he now had no intention of permitting construction of airfields in question.

2. His Majesty appeared somewhat put out when I raised the matter and was rather vehement in his expressions which left the definite impression that he was worried at the United States efforts at infiltration in Saudi Arabia.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

[Cypher] WAR CABINET DISTRIBUTION

FROM JEDDA TO FOREIGN OFFICE.

Mr. Man.
No.158.

D. 2.30 p.m. 10th May, 1944.

R. 5.55 p.m. 10th May, 1944.

10th May, 1944.

Repeated to M.E.Min.

- - - - -

Your telegram No.58.

During visit of Commander-in-Chief Middle East to Ibn Saud, the latter raised the question of Military Mission and stated that he was anxious to have someone to assist his son Amir Mansour in placing the Saudi Arabian army on a more modern footing. He insisted on Sunni Moslem officers because in the course of their duties they would have to visit the holy places of Mecca and Medina. He emphasised his request for Sunni Moslems since Moslems of any other sects whose religious practices were different from those of his countrymen might create friction. He realised the difficulty of finding suitable persons in wartime but hoped that we would be able to supply even three or four suitable officers soon.

2. The Commander-in-Chief's only comment was that we were examining the matter sympathetically.

3. I fear that it will be difficult to persuade Ibn Saud to accept any Christian instructors either British or American and I doubt the wisdom of trying to do so in view of his attitude over even different Moslem sects.

Cairo please pass copy of this telegram to Commander-in-Chief Middle East.

[Copies sent to Mr. Wiltshire]

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[Cypher]

WAR CABINET DISTRIBUTION

FROM JEDDA TO FOREIGN OFFICE

Mr. Jordan,
No. 159.

D. 2.30.p.m. May 10th, 1944.
R. 6.25.p.m. May 10th, 1944.

May 10th, 1944.

Repeated to M.E.Min.

------oOo------

My telegram No. 153.

During my talks with Ibn Saud at his camp he raised the question of United States oil operations in Saudi Arabia and requested me to ascertain your views of projected oil pipe line to the Mediterranean or Egypt and what steps he should take to safeguard his interests vis-à-vis United States exploitation of Saudi Arabian oilfields.

2. I should be grateful for instructions as to what reply I should give to the King.

[OTP].

[Copies sent to Mr. Wiltshire].

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Spain

C222764

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

AMENDED DISTRIBUTION

(11th May, 1944)

[CYPHER] WAR CABINET DISTRIBUTION

FROM TANGIER TO FOREIGN OFFICE

Mr. Gascoigne
No. 166.
10th May, 1944.

D. 1.26 p.m. G.M.T. 10th May, 1944.
R. 4.10 p.m. D.B.S.T.10th May,1944.

Repeated to Madrid No. 144.

[ ] [ ] [ ]

IMMEDIATE.

Madrid telegram No. 727 to Foreign Office.

In my opinion there are two separate questions at issue.

(a) closure of the German Consulate-General and

(b) departure of German personnel.

2. I submit "functioning" of the German Consulate-General should cease immediately, that the flag and shield should be removed and that all the Consulate official activities should be suppressed.

3. As to the departure of personnel, I submit that should take place within a maximum of a fortnight from to-day.

4. It is the continued functioning of the Consulate-General which is so galling to all the Allies here and which is doing us so much harm in the prestige line and also the knowledge that both the Spaniards and the Germans are laughing at us. It would be a calamity from our local standpoint if the German Consulate-General were to continue tofunction until the end of May.

5. As for "impatience" of General Orgaz to take action in this matter, I am convinced that he will delay action as much as he possibly can.

6. I hope to see General Orgaz again on May 15th.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222765

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER]. WAR CABINET DISTRIBUTION.

FROM TANGIER TO FOREIGN OFFICE.

Mr. Gascoigne. D. 8.20 p.m. 10th May, 1944.

No.168. R. 1.5 a.m. 11th May, 1944.

10th May, 1944.

^^^^^^^^^^^^ ^^

TOP SECRET.

Following information has been received from a reliable source but has not been confirmed.

Marshal Pétain has transferred his government to Ile de France for military reasons and it will continue to function from there.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222766

(THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT)

S E C R E T

P.M.M.(44) 7

COPY NO. 4

10TH MAY, 1944.

MEETING OF PRIME MINISTERS

Note by Secretaries

At the meeting of Prime Ministers on Tuesday, 9th May, it was suggested that a draft directive for the U.K. representatives at the Washington discussions should be drawn up.

The attached draft is circulated for discussion at the meeting to be held on Thursday, 11th May, at 11 a.m.

(Signed) E.E. BRIDGES
J.E. STEPHENSON

Offices of the War Cabinet,
S.W.1.
10TH MAY, 1944.

PRINCIPLES OF WORLD ORGANISATION

Draft Directive for U.K. representatives at Washington Discussions

In the light of the discussion at the meeting of Prime Ministers on Tuesday, the 9th May, it is suggested that the following Statement of Principles should be given to the United Kingdom representatives for guidance in the proposed informal discussions with United States and Russian representatives regarding plans for setting up a future world organisation.

(1) The essential aim is the establishment of a world organisation for the maintenance of peace and security on the basis of the continued collaboration of the United States, the U.S.S.R. (and possibly China) with the British Commonwealth.

(2) It is essential that the central organisation should ~~possess~~ and be prepared to use adequate force for this purpose.

(3) Regional political organisations should be constituted under the aegis of a world political organisation. Their exact functions might differ as between region and region.

(4) Details of world organisation should be considered in the light of the above.

10th May, 1944.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222767

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

SECRET. Copy No. 3

P.M.M. (44) 4.
8*th May*, 1944.

MEETING OF PRIME MINISTERS.

FUTURE WORLD ORGANISATION.

Covering Note to Memorandum prepared for Discussion with the Dominion Prime Ministers.

IN Article 4 of the Moscow Declaration of November 1943 the Four Powers state—

> " that they recognise the necessity of establishing at the earliest practicable date a general international organisation, based on the principle of the sovereign equality of all peace-loving States, and open to membership by all such States, large and small, for the maintenance of international peace and security."

2. When the Declaration was discussed at the Moscow Conference Mr. Hull suggested that it might be signed at a later date by the other United Nations. M. Molotov subsequently proposed that a Commission of the Three Powers should be formed to study Article 4 of the Declaration. At a later session Mr. Hull suggested " an informal understanding to acquire material for constituting the Commission," and in reply to M. Molotov agreed to an " unofficial Commission." He added, " that they could gradually select persons to work together and decide on the peace : sometimes in Moscow, sometimes London, sometimes in Washington." Mr. Hull emphasised the secrecy which should surround such discussions. Agreement was incorporated in the Secret Protocol of the Moscow Conference, para. 2 (*b*), as follows :—

> " It was recognised as desirable that representatives of the United States of America, the United Kingdom and the Soviet Union should conduct in a preliminary fashion an exchange of views on questions connected with the establishment of an international organisation for the maintenance of international peace and security, the intention being that this work should be carried out in the first instance in Washington, and also in London and Moscow."

3. On the 19th November, 1943, a note was received from the United States Chargé d'Affaires in London suggesting, on instructions from the State Department, that the Four Powers should announce that they would welcome the adherence of all peace-loving States to Article 4 of the Declaration. A corresponding communication was made to the Union of Soviet Socialist Republics and China. In reply His Majesty's Government in the United Kingdom suggested that this step was premature in view of the agreement at Moscow to have preliminary Three-Power discussions. The Dominions were informed of the proposal, and the Canadian Government in particular thought that a longer document should be prepared before the signature of the other United Nations was invited. The United States Government accepted the British suggestion and the Soviet Government also, though the latter had agreed to the original United States proposal. The United Kingdom and United States Governments exchanged agenda for the Washington discussions which were communicated to the Soviet Government, and the United States Government suggested a preliminary exchange of papers. Subsequently the United Kingdom Government proposed that memoranda should be written on the five main topics enumerated below. The United States Government agreed that our papers should be written on these topics, though their own might have somewhat different titles. The

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222769

Soviet Government also agreed generally to the suggested procedure, reserving the question of priority of topics. The five topics are as follows :—

A. Scope and nature of an international organisation.
B. Guarantees and the pacific settlement of disputes.
C. Security.
D. Co-ordination of economic and political international machinery.
E. Method and procedure for establishing a world organisation.

4. These, therefore, are the subject headings of the accompanying Memoranda, which are designed, subject to any observations on the part of the Dominion Prime Ministers, to be handed to the Americans and Russians. An attempt has been made to sketch the outline of a workable World Organisation in the light of experience of international institutions. The proposals do not provide a complete solution of all the problems discussed because many of the premises on which such conclusions could be based do not yet exist. It is suggested, however, that our first aim should be to bring the World Organisation into existence. When it has been established, it should be able to find out by its own experience the methods by which international problems may be solved.

5. The Organisation suggested has much in common with the Covenant of the League of Nations and, in accordance with the expressed intention of the Prime Minister, it tries to retain all the best features of its predecessor. But it is meant to be more flexible, less bound by rigid definitions which hamper or prevent necessary action, and above all endowed with the machinery to make action effective. In short, our plan is based on the acceptance of certain essential principles and we leave the means by which these principles shall be carried out to be adapted to the varying circumstances of human intercourse which cannot be foreseen.

6. It is thus that the institutions of Britain and the Commonwealth have grown, and it is this method that their peoples will best understand. Our method of approach may possibly make less appeal to the more legally minded people of the United States, who attach so much importance to the details of a written constitution, or to the Russians, whose way of thinking is very different from our own, or to the peoples of the Continent of Europe, who have a different system of law and have always desired explicit undertakings no matter how often they have been broken. But, though changes may have to be made to meet these points of view, we believe that something like what we suggest represents the maximum of effective international co-operation that can be secured at the present time.

7. The most essential point is to obtain an organisation embracing the United Kingdom and the other Members of the British Commonwealth, the United States and the U.S.S.R., and, it might perhaps be added, France. This, therefore, should be our primary object and no minor consideration should be allowed to stand in its way.

8. The establishment of a centre where the policies of the principal States of the world can be harmonised is in the great tradition of British policy, and we believe that the present proposals carry on a development which was supported by Castlereagh, Palmerston, Salisbury and Grey before the last war and by Lord Balfour, Sir Austen Chamberlain and Mr. Arthur Henderson in the period between the wars.

9. We attach great importance to the establishment of some permanent machinery by which rapid and effective action may be taken against any threat to world peace. The world has seen so many promises broken that faith in the new institution can only be obtained if the means of action are visible, and will, perhaps, only be confirmed after such action has taken place.

10. It is essential to the interests of the British Commonwealth that the Organisation should be world-wide. We have, therefore, subordinated the creation of regional organisations to this end. But we believe that in due course regional organisations (which will probably develop naturally) may play an important part in the world and that if they are suitably guided within the World Organisation their advantages will outweigh their disadvantages.

11. In *Memorandum A* we have assumed that the World Council will consist of the Four Powers and a number of other States. We have left open the method by which these States are chosen because we think that it would be premature to put forward a cut-and-dried scheme at this stage. We have not even laid down the principle that one of the members of the Commonwealth

C222769

other than the United Kingdom should always have a place on the World Council. Such a demand may very likely provoke a counter demand from the Soviet Government that one of the constituent republics of the U.S.S.R. should always have a seat on the World Council. Whether it can be ensured that another British Commonwealth country in addition to the United Kingdom shall always have a place on the Council must obviously depend on the number of Council members. But we recognise that it should be our object to obtain this result.

12. We have also left open the questions of the Secretariat and the seat of the Organisation, problems closely interrelated. They raise issues on which it is likely to be difficult to come to an agreement and we think that it would be better to postpone them to a later stage of the discussions.

13. Under our proposals, great power would rest in the hands of the World Council. It would, for instance, take the initiative in action to maintain peace, and other members would be bound to follow its decisions. We have, however, left open the question of placing permanently a special responsibility on the Great Powers for the maintenance of international peace and security. By doing so the association of the United States in the burden would be more explicitly obtained, but it may well be possible to secure that advantage without such definition as might seem to imply too great a recognition of the position of the Great Powers in the Organisation.

14. We have not mentioned the Colonial question and prefer to leave it to the United States Government to raise the question if they so desire.

15. In *Memorandum B* the machinery for the pacific settlement of disputes and the maintenance of peace and security has been made as flexible as possible. The members of the British Commonwealth have always been opposed to such guarantees of territorial integrity and political independence as those contained in Article X of the Covenant. Our proposals contain three main propositions :—

(i) That the members of the Organisation shall promise to settle all disputes in such a manner as not to endanger the maintenance of international peace and security without, however, guaranteeing the territorial integrity and political independence of member States. (We have attempted in this manner, so far as can be done at the present stage of international relations, to throw the balance rather more in the direction of change.)
(ii) That the World Council shall be given the initiative to take action for the maintenance of peace and security. (It is only in this way that machinery can be set up to make the promises of the members effective.)
(iii) That action by the Organisation shall be based on principles rather than on elaborate definition (which we believe defeats its own purpose.)

16. In *Memorandum C* we have merely edited in a form suitable for communication to the Americans and Russians the two papers already blessed by the Chiefs of Staff as suitable to be used as a basis for discussions. The way is thus left open to utilise existing machinery for co-operation in military matters if it is found possible to do so at the end of the war. We have suggested that the members should be prepared to place military forces at the disposal of the World Council, by which means we hope the burden on the Members of the British Commonwealth may be reduced.

17. We have only made a passing reference to the regulation of armaments, which the United States Government have placed on their list of topics. But our own proposals would enable this country eventually to deal with this question constructively as part of the process for sharing the burden of the armaments necessary to maintain international peace and security, rather than by the negative means of limitation of armaments by scales and numbers.

18. In *Memorandum D* we have endeavoured to find a method of giving the necessary co-ordination to the new and untried economic and technical organisations without depriving them of the necessary control over their own actions. Here again the questions of organisation must be worked out in the light of experience, but it is essential that these institutions should be co-ordinated in order that the problems of full employment and the proper use of resources may be solved.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

19. The United States Government will naturally decide for itself the best methods by which an international organisation can secure the assent of Congress. But we have put forward the proposals contained in *Memorandum E* as an assistance to their thinking on this subject, and we attach considerable importance to choosing the right method of associating other States with the work of the Four Powers.

20. Before *Memoranda A to E* are given to the United States and Soviet Governments, we should like to feel sure that other British Commonwealth Governments agree that these papers are on the right lines as a basis for the preliminary and informal discussions, which it is hoped will take place at Washington at the end of May or early in June. It is suggested in *Memorandum E* that the aim of the Washington talks should be to reach a measure of agreement which could find expression in a Draft Declaration to be referred to Governments and subsequently published. It is contemplated that the progress made in the Washington talks would be the subject of further consultation between British Commonwealth Governments before any such declaration were published.

Foreign Office, S.W. 1,
8*th May*, 1944.

MEMORANDUM A.

SCOPE AND NATURE OF THE PERMANENT ORGANISATION.

I.—*The Principles and Objects of the Organisation.*

1. The World Organisation will consist of independent States freely associated and working together for the better realisation of the common good of mankind.

2. The principles and objects of the Organisation should be stated in the preamble of the document which brings it into existence. The Organisation should be as simple and flexible as possible. Thus the statement of its principles and objects becomes specially important, since they lay down the conditions in which action is taken by the members of the Organisation.

3. Article 4 of the Moscow Declaration lays down that the Organisation shall be based on the "sovereign equality" of States. Two principles follow from these words. In the first place members must agree to respect each other's political independence, and secondly all members enjoy equality of status, though not necessarily equality of function.

4. Members should not be entitled to receive the benefits of the Organisation unless they are prepared to accept the obligations that go with them. Moreover, it is the assumption of such obligations by all members that ensures to all the benefits of the Organisation. This should be recognised, therefore, as one of the principles of the Organisation.

5. The object of the Organisation is stated in Article 4 to be the "maintenance of international peace and security," and this must be regarded as its primary purpose.

6. But if recourse to violence is ruled out, means must be provided by which members of the Organisation can settle their disputes by other than violent methods; and the establishment of machinery for achieving this must be one of the objects of the Organisation.

7. Moreover, in order that international peace and security shall be maintained there must be in the world some means by which States meet together to review and harmonise their political action. One of the objects of the Organisation, therefore, must be to create a meeting place where statesmen can come together for that purpose.

8. But international peace and security must be made positively, and not only kept by the negative means of suppressing violence. They will be confirmed and strengthened by guarding the right of man to seek his freedom, and by increase in the well-being of human society. Statesmen of the United Nations have declared this to be both the purpose and the condition of development in international order.

9. It will be necessary, therefore, for the Organisation to create institutions to promote the betterment of world-wide economic conditions and the removal of social wrongs, and to support and extend institutions which now exist for these purposes.

10. Thus the principles and objects of the Organisation, and consequently the conditions in which its members receive its benefits and accept its obligations and on which actions taken under its authority are based, may be described as follows:—

11. *Principles.*

(i) That all members of the Organisation undertake to respect each other's political independence.
(ii) That all members are equal in status though not necessarily in function.
(iii) That all members undertake to fulfil towards each other the obligations which are the conditions of receiving the benefits of the Organisation.

12. *Objects.*

(i) To ensure that peace and security shall be maintained so that men shall not live in fear of war.
(ii) To provide means by which all disputes arising between States may be so dealt with that peace and security are not endangered.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

(iii) To provide a centre in which the political action of States can be reviewed and harmonised, and directed towards a common end.

(iv) To promote the betterment of world-wide economic conditions and the well-being of all men by international agreement so that the fear of want may be removed from the world.

(v) To guard and enlarge the freedom of man by institutions for the removal of social wrongs.

II.—*The Nature of the Organisation.*

13. In Article 4 of the Moscow Declaration it is laid down that the organisation is to be founded on the sovereign equality of its members. Its members will, therefore, retain control of their own actions except so far as they are limited by the obligations into which they freely enter and by international law.

14. Nothing has been more clearly proved during the present war than the interconnexion of peace and security in all parts of the world. The future organisation must recognise this fact and be a world organisation in which all peaceful States in every part of the world can co-operate together for their mutual benefit.

15. Though the status of all members is equal and all will enjoy the same rights and undertake the corresponding obligations, their differences in power make necessary some recognition of differences in function. The initiative for the formation of the organisation has come from the Four Powers, the United States, the U.S.S.R., the United Kingdom and China, and it is generally recognised that its success will depend more upon their continued co-operation than on any other single factor. The machinery of the organisation should make it possible for them to carry out the responsibilities which they will have agreed to undertake. The same principle applies to all other States. The more power and responsibility can be made to correspond, the more likely is it that the machinery will be able to fulfil its functions.

16. We look forward to the liberation of France and her restoration to the ranks of the Great Powers.

17. It is presumed that there will come into existence a number of specialised technical organisations through which States will combine together for various purposes. There are already such organisations in existence as part of the system of the League of Nations. The relations of these bodies to one another and to the main organisation are considered in Memo. D. Here it need only be said that such bodies are unlikely to survive as effective instruments in a world from which reasonable security is absent.

18. Just as there are special functional organisations, so there may be regional associations for various purposes when there is obvious advantage to be obtained by limitation of the sphere of action. Such regional associations might come into existence for security, for economic co-operation, for the promotion of welfare in colonial territories or for other purposes. It is, however, essential that they should not conflict with the world-wide organisation but rather assist it to carry out its purposes.

III.—*Constitution of the Organisation.*

19. It is generally recognised that it will be necessary to set up two main bodies, one as a centre of discussion on which all States are represented and the other, a smaller body, as a centre of action. It is suggested that these bodies be termed the World Assembly and the World Council respectively.

20. *Membership.*—It is assumed that at the outset all the United Nations will be invited to be members of the Organisation. What States now neutral shall be admitted and at what period is a matter for consideration. The enemy States cannot be admitted until they have shown by their conduct that they accept the objects of the organisation and intend to pursue them.

21. All the members of the organisation should share in some manner in the admission of new members. It will have to be considered how far it is necessary to lay down conditions under which a State shall cease to be a member of the Organisation.

22. *World Assembly.*—The sovereign equality of all members should be recognised by their representatives meeting together on a footing of equality in a World Assembly at least once a year. The right of information and criticism should belong to all members of the organisation.

23. It is not suggested that this body should have all the powers that were possessed by the Assembly of the League. The specialised and technical bodies should undertake some of the duties which that body performed and the initiative in preventing breaches of the peace should lie with the World Council.

24. It is a matter for consideration whether the World Assembly should have the control over finance and the admission of new members which the Assembly of the League possessed; but it is suggested that the States cannot be expected to contribute to the finances of an organisation without some share in their determination, nor to belong to a society to which other States may be admitted without consultation with them.

25. *World Council.*—This body should be sufficiently small and compact to ensure action and of such a character as to possess the confidence of all members of the organisation.

26. The *constitution* of this body raises many difficult problems. The relation between the Great Powers and other States have been matter of dispute for over a century. The principle has been generally accepted that where the interests of any State are specially affected it should have the right of representation on the Council. It is also clearly necessary that the Four Powers, which between them are directly responsible for the peace and security of nearly two-thirds of the world's inhabitants, should always be represented on it.

27. The number and method of representation of other States is a matter for grave consideration and the manner in which the decisions of the Council shall be made may depend on the method adopted. The object should be to ensure that the other States on the World Council command general confidence. Some form of election is probably essential and the World Assembly can obviously be used for this purpose.

28. Some means must be found to ensure that the various regions of the world are adequately represented. The size and area of States vary so greatly and are so unevenly distributed over the Continents that some agreement on this subject is essential. Thus, the Caribbean area has more independent States than all the rest of Latin America, which includes Brazil, Argentina and Chile. Both Europe and South America have many more States than North America or Asia. Hitherto States as different in power and status as Canada and Panamá have had equal rights of representation. The principle of rotation has deprived the Council of experienced statesmen, while the creation of "semi-permanent" seats was much resented by some of the States that did not enjoy the privilege.

29. If the principle which governs the election of the Governing Body of the I.L.O. could be accepted, a more satisfactory result might be obtained, but it is difficult to find the principle to apply to a political body.

30. Should Regional Associations of sufficient importance be formed they might furnish a basis for representation on the Council. But for the most part States do not recognise other States as "representing" them on institutions in which they have a major interest.

31. It is clear that this subject will need careful examination—not only amongst the Four Powers themselves but with the other States whose wishes must be taken into account.

32. The main *function* of the World Council will be to ensure such intercourse between the statesmen of the countries represented on it as to enable them to secure solutions of international problems by discussion and co-operative action. For this purpose regular meetings with an appropriate procedure and secretariat are indispensable. No other single factor is likely to be so influential in producing harmony between the policies of States. The experience of the last thirty years shows that there is no adequate substitute for it.

33. The functions suggested for the World Council as the body responsible for the peace of the world are described in Memorandum B.

34. It will also be necessary for the World Council to give some common direction to the functional bodies. This question is considered in Memo. D.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

35. In general it is hoped that the Council may become a centre where Governments reconcile their attitudes towards major international problems so as to be able to act decisively towards a common end.

38. *Permanent Court of International Justice.*—It is assumed that there will be general agreement that a Permanent Court of International Justice will be set up. The proposals of the Informal Inter-Allied Committee which recently reported on this question seem to indicate the general lines that should be followed.

37. *Secretariat.*—A permanent secretariat will be indispensable. The experience of the League of Nations and the I.L.O. should be utilised. It is assumed, however, that a number of new specialised technical bodies will come into existence. Further consideration of this question might, therefore, await more definite information concerning them.

38. The suggestion that the head of the Secretariat should be given the right of bringing before the World Council any matter which in his opinion threatens the peace of the world might well be incorporated in the rules of the Organisation.

39. *Specialised and Technical Organisations.*—This question is considered in Memorandum D. The position of the International Labour Organisation will need special consideration.

40. *Seat of the Organisation.*—This problem should be left open until further information is available on the number and character of the functional organisations.

41. *Name of the Organisation.*—The term "United Nations" is now in general use and there does not seem to be any strong reason to substitute any other for it.

MEMORANDUM B.

THE PACIFIC SETTLEMENT OF DISPUTES, THE QUESTION OF GUARANTEES AND THE CONDITIONS IN WHICH ACTION SHOULD BE TAKEN FOR THE MAINTENANCE OF PEACE AND SECURITY.

I.—*Introduction.*

IF war is to be prevented there must be in existence a means to make those decisions which in the past have been made by violence. If an organisation is set up to achieve this end there must be some guarantee that its members will be protected should States, inside or outside it, threaten to subject them to violence. For the purpose of providing protection, action may have to be taken against an offending State, and this necessitates some statement of how and when such action shall be taken.

2. The maintenance of peace and security is not merely an end in itself but a means by which an ordered and progressive community of States may come into existence. The principles and objects of such a society have been indicated in Part I of Memorandum A, and it is on them that all action by the Organisation should be based. A state of peace should be regarded as not simply the acceptance of the *status quo* but active co-operation between States for the objects and principles of the Organisation.

3. Such ends cannot be obtained by any system of procedure however skilfully designed. Everything depends on the unity of purpose of those States which possess the greatest means of carrying out their purposes. It is impossible to ensure that these States will always be in agreement, and no set of rules will do so. But an agreement to act under certain specific principles in a World Organisation will make their co-operation easier and will enable other States to be associated with them for their common purpose.

4. If all the Great Powers are members of the Organisation and show their intention of acting in accordance with it, all States will be more ready to accept the responsibilities commensurate with their power. The absence of the United States and, for a long period, of the Union of Soviet Socialist Republics from

the League of Nations caused the United Kingdom to review its responsibilities. For the same reason smaller States were often reluctant to accept full responsibility.

5. For the same reason also there was great anxiety on the part of many States to define very closely the occasion for action by the organs and members of the League of Nations. As is explained below, this attempt failed in its purpose. Moreover, public opinion did not understand the elaborate safeguards against arbitrary action that existed. It is suggested that the methods embodied in the constitution of the Organisation should be simple and flexible. They should be extended and elaborated only as the result of experience.

6. It is believed also that, whatever procedure be adopted, it is only by setting up some definite security system such as is suggested in Memorandum C that reality will be given to the promises made and that the States of the world will come to believe that by accepting the rights and responsibilities given to them by the Organisation they will be spared such sufferings as they are now enduring.

II.—*The Pacific Settlement of Disputes.*

7. Disputes between States are divided into two main categories, those, often termed "justiciable," that can be settled by a legal tribunal, and those in which other considerations are predominant.

8. It is the second class which produces the most intractable and dangerous disputes, including those in which the legal position is entirely clear. In the past, States have promised not to attempt settlement of their disputes by violent means, but they have not promised to settle their disputes. It is suggested that it might be well if they now promised to "settle" their disputes in the sense that they will not allow them to endanger peace and security.

9. *Justiciable Disputes.*—It would seem that there is likely to be general agreement that justiciable disputes should be generally settled by a Permanent Court of International Justice. The Informal Inter-Allied Committee suggested in its recent report that the Court be open to all States, whether they accept compulsory jurisdiction or not. It would be possible for the International Organisation to make the acceptance of such an obligation a condition of membership, but in such a case it would be necessary to allow States to make certain reservations.

10. The difference between accepting compulsory jurisdiction with reservations and retaining full freedom of action is likely to have more psychological than practical effect, especially if the World Council can obtain Advisory Opinions from the Court on some point in a dispute, which has been submitted to it.

11. *Other Disputes.*—Reference to the World Council is the obvious method of dealing with other disputes. Though other elaborate methods of conciliation have been set up they have hardly ever been used and they have the disadvantage of placing the case in the hands of persons who are not responsible for the consequences of failure to preserve peace. It is only in the World Council itself that a body of rules and a technique of procedure can be gradually established as the result of accumulated experience.

12. It should be for the World Council to decide what method should be used for dealing with the dispute. Any decision of this nature should be regarded as a decision of procedure and consequently be adopted by a majority vote.

13. There have been suggestions that even on questions of principle (as opposed to questions of procedure) decisions should be taken by (say) a two-thirds majority of the Council rather than by unanimity. We leave this important question open, but it seems desirable that in all such cases all the Four Powers should be included in the majority. In any event, the votes of the parties to the dispute should not, of course, be taken into account.

14. States are not likely to bind themselves to accept the decision of the Council in all cases. Nor would it be likely that they would undertake the obligation to enforce it on other States in all cases. But it would still be the function of the World Council to see that disputes did not threaten peace and

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

security and for the other States to co-operate with it to the utmost of their power for that purpose, so that there would still be large opportunities for action to deal with even the most difficult disputes.

15. For, as has been indicated, if peace and security are to be maintained, some method must be devised for the settlement of all disputes between States. "Settlement" in this sense may, as is often the case in domestic disputes, show that no remedy exists for a legitimate grievance. But if States promise to "settle" their disputes in the sense defined in paragraph 8 above, the balance is thrown more in the direction of change. The *status quo* is sufficiently safeguarded by the mere existence of a universal system for the maintenance of peace and security. Should the dispute be such as to threaten peace and security, it will be for the World Council (and in such cases action will depend largely on the Great Powers) to decide what action should be taken to deal with it.

16. If the dispute involves the Great Powers themselves the machinery for decision may prove inadequate; but there is hope that the habit of co-operative leadership in the settlement of other disputes and the restraints imposed by their own promises to one another and to other States may suffice to achieve a settlement, even where the machinery seems to be inadequate to do so. Much will depend on whether a sufficient number of States, great and small, come to attach so much importance to the preservation of the system that they are prepared to run risks and make sacrifices to support and preserve it.

17. There was considerable agreement in the period between the two wars that the vague words of Article XIX of the Covenant of the League of Nations were hardly a sufficient recognition of the fact that there must be a change in the world. When, in the thirties, it was perceived that there was no great desire in some countries to go to war to defend some of the frontiers erected by the Peace Treaties, there was much discussion of a process which became known as "Peaceful Change." Examination of this concept shows that it cannot be obtained by a clause in a Covenant, but can only be a continual process achieved through discussion and compromise between the Great Powers and, in their due place, the smaller States concerned. But it is essential that such a process be guided by principle and subject to an ordered procedure, and it is necessary, therefore, that it should take place within an international organisation.

18. It may be hoped that the international functional organisations which are being brought into existence will contribute to furthering the process of peaceful change in an orderly manner.

III.—*The Question of Guarantees.*

19. In considering this question the history of the guarantees given in the Covenant of the League of Nations must be taken into account, since it throws great light on the nature of the problem. For by Article X the Members of the League "undertook to respect and preserve as against external aggression the territorial integrity and existing political independence of all Members." The formula had first been devised by President Wilson for the Western Hemisphere and it was at his instance that it was applied universally. No method was laid down as to how the obligation should be carried out except that the Council should "advise" upon the question.

20. *Territorial Integrity.*—There was much opposition to the proposed Article, attention being concentrated on the question of "territorial integrity." Lord Cecil suggested that the guarantee should be withdrawn if the State concerned refused to accept a modification of frontier desired by a large majority of the members of the League of Nations. The vague phraseology of Article XIX of the Covenant was all that resulted from this proposal. Mr. Lansing and Dr. Miller were also opposed to inserting Article X, though the latter came to believe that it made little difference. Sir Robert Borden tried to abolish it before the Covenant was signed, and the Canadian Delegation renewed the attempt at the First Assembly. In 1923 an interpretative resolution was adopted by the Assembly (though as Persia dissented it had no legal force) which laid down that it was for each State to decide how it should carry out its obligations under this head, while the Council was to take into account, in any advice that it might give, the geographical situation and special conditions of each State.

21. In fact, Article X was hardly ever used in the disputes which came before the League of Nations. But it was constantly referred to when some State

wished to remind others that its existing frontiers were guaranteed by them. It was also constantly used by critics of the League of Nations to show that its members had guaranteed for all time frontiers which they possessed no legal means of changing without the consent of the State concerned.

22. Much smaller attention has been paid to this subject in recent discussions, though there may, of course, be a shift of interest when the treaties that register any changes of frontier which may be made come into existence. There is, however, reason to think that many States will be more interested in the establishment of some concrete security system ready for immediate action than in guarantees of frontiers which in themselves do little to prevent the invasion and occupation of territory by the armed forces of another State.

23. Many other States would be likely to refuse to accept an Organisation which committed them to a guarantee of the territorial integrity of all States.

24. It is suggested, therefore, that no such guarantee be included in the obligations undertaken by members of the Organisation.

25. *Political Independence.*—The question of "political independence" raises issues of a rather different character. The Moscow Declaration has already based the Organisation on the "sovereign equality" of all States, which implies that the Members of the Organisation will retain legal control over their own actions except in so far as they agree by treaty to limit it. All States naturally attach the highest value to their political independence, and the principal statesmen have made repeated declarations that they intend to respect the independence of other States.

26. But an undertaking to respect the political independence of other States does not necessarily involve a commitment to guarantee it. It is, moreover, not easy to define exactly what political independence is. One State may control the actions of another State by indirect means. It is impossible to distinguish the line which divides such actions from what is generally regarded as the legitimate influence which one State may exercise on the actions of another. The objection to any guarantee of "political independence" is that it could only extend to external and legal forms. It could not take into account more indirect methods.

27. For this reason the inclusion of a guarantee of political independence in the obligations of the Organisation seems undesirable. But it should be recognised that mutual respect for the political independence of its members is one of the essential principles of the Organisation as already pointed out in Part I of Memorandum A.

28. *The Maintenance of International Peace and Security.*—By the Covenant of the League, States undertook to inflict sanctions on another State which broke its promises to submit a dispute to pacific settlement *and* resorted to war. It was for each State to determine its own actions after the Council (or Assembly) had declared that the occasion for action had arisen. Doubt was constantly expressed as to the sufficiency of this promise, though, so far as words can guarantee action, a definite promise was made. But the duty of enforcing action to be taken were laid on the members.

29. Also by Article XI of the Covenant the duty of safeguarding the "peace of nations" was laid on the League, but no specific obligations as regards the action to be taken were laid on the Members.

30. The Four Powers have already, by Article 4 of the Moscow Declaration, laid down that the main purpose of the international organisation is the "maintenance of international peace and security," and have asserted by Article 5 that "they will consult with one another and, as occasion requires, with other members of the United Nations, with a view to joint action on behalf of the community of nations" for this purpose until a system of general security is inaugurated. It would seem that it is along these lines that any guarantee should be given.

31. The duty of co-operating to the utmost of their power in the maintenance of international peace and security should be undertaken by all members of the Organisation. The degree of such co-operation must obviously depend on the geographical situation of States, the amount of their resources, their own internal situation and possibly other factors which cannot be accurately weighed in advance. But the duty of co-operating to the utmost of their power in an Organisation which is essential to the peace and security of all should be laid upon all members.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

32. The duty of maintaining international peace and security should be laid in the first instance on the World Council acting on behalf of the other members of the Organisation. It will be for the World Council to take the initiative to give effect to the undertaking to maintain international peace and security. The head of the Secretariat should, however, as suggested in para. 38 of Memorandum A, be given the right of bringing before the World Council any matter which in his opinion threatened international peace and security.

33. It is for consideration whether any special obligations for the maintenance of international peace and security should be explicitly assumed within the permanent Organisation by the Four Powers who have undertaken such a responsibility pending the establishment of a general system.

34. If regional organisations are set up for security purposes, part of the responsibility in the first instance might fall on them, but, as is suggested in Memorandum A, paragraph 18, not in such a manner as to conflict with the final responsibility of the World Council for the maintenance of peace and security.

IV.—*The Conditions in which Action should be taken for the Maintenance of Peace and Security.*

35. It is generally recognised that there must be some statement in the constitution of the Organisation as to the conditions in which action is taken to maintain international peace and security. In the Covenant of the League of Nations and in the attempts to elaborate the Covenant great attention was given to this question.

36. In the Covenant the sanctions of Article XVI came into force only if there was resort to war after a Member had broken the promises made in Articles XII–XIV. Even then each State necessarily determined for itself whether the *casus fœderis* had arisen.

37. In Article X the guarantees were against "external aggression" only. It was by this article that the unfortunate word "aggression" was introduced into the Covenant and became the subject of so many debates at Geneva. But the more the word was discussed the more difficult it became to define exactly what it meant. The definition of aggression was considered important because it was thought that it might affect the right of the Council to advise that sanctions be employed. The most notable contribution to the debate was the suggestion that aggression should be determined by the acceptance or refusal of arbitration or some other peaceful method of settling disputes. But this did not cover the preparations for aggression, nor did it take the time element sufficiently into account. Moreover, the discussion and analysis of aggression enabled States to use a procedure calculated to defeat the objects of the Covenant. Illustration of this fact was given by the Japanese attack on China in Manchuria.

38. In Article XI sanctions were not mentioned, and the obligations of the Council were stated in the most general terms. These obligations could be interpreted as giving the right to take drastic action, but in the light of other articles it was difficult to find in them any right to use force against a State. In actual practice a number of dangerous situations that arose between small States were dealt with successfully under Article XI, and a technique which involved such matters as the setting up of commissions of enquiry and the establishment of neutral zones was gradually developed.

39. In the Protocol of 1924 an attempt was made to make the sanctions "automatic" by setting up an elaborate set of rules. But the discussions showed that such a course was impossible. Sanctions depend upon the will of Governments and peoples and cannot be automatically brought into existence.

40. As has been noted above, one test of aggression is the acceptance or refusal of some method of settling the dispute. But the acceptance may be merely a method of delay while preparations for aggression are being made (as in the case of Italy's attack on Abyssinia) or actual force is used (as in Japan's attack on China). It can be argued that in both these cases the lack of effective action was due not to any defect in the Articles of the Covenant but to the lack of will on the part of the other States, and notably of the Great Powers involved, to go to war with the recalcitrant State. But it was also true that Japan was able to use her right of veto under Article XI to place obstacles in the way of the necessary enquiry, and that preventive action against Italy, before she attacked, was difficult to take legally under the Covenant. Under the Locarno Treaties the

signatory States could act without League authority in the case of "flagrant aggression," but not preventively. If the question of Germany's rearmament had been brought before the Council it is not easy to see what sanctions could have been taken against her under the Covenant.

41. In actual fact there was never any doubt, in the cases in which the League of Nations was concerned, as to the identity of the aggressor, though sometimes as to the character of the provocation to aggression. States, it is true, adapted their actions and procedure to the language and resolutions adopted at Geneva and later to the Pact of Paris. But in no case were the real intentions and motives of the aggressive States concealed from the Governmnts of the other members of the League or from public opinion. The discussions at the Council and the Assembly made them sufficiently clear.

42. This experience suggests that too rigid a definition of the occasion for action is as likely to hinder as to facilitate the maintenance of peace and security. If the World Council is given power to act for this purpose it will be able to work out for itself the necessary procedure in the light of experience. It will be easier also in such circumstances to refer matters to regional associations if any such come into existence which can be used for that purpose.

43. At the same time the principles and objects governing the actions of Members will have been laid down in the Preamble to the document bringing the Organisation into existence. These, as suggested in Part I of Memorandum A, should include not only the maintenance of peace and security but also respect for the "sovereign equality" and "political independence" of its Members. If, therefore, it is laid down that the World Council shall only take action in accordance with these principles and objects, action for other purposes will be excluded. It is suggested that States will be protected from arbitrary action by the World Council as much by this safeguard as by elaborate definition, while the World Council will be more free to act to protect States from violence.

V.—*Conclusions.*

44. *As to the Pacific Settlement of Disputes—*

(i) That all States should promise to settle their disputes by peaceful means in such a manner that international peace and security are not endangered.

(ii) That justiciable disputes should generally be decided by a Permanent Court of International Justice.

(iii) That other disputes should be subjected to a process of discussion and conciliation in the World Council, which should have power to determine the procedure to be followed without the consent of the parties to the dispute.

45. *As to Guarantees—*

(i) That all Members should undertake to co-operate to the utmost of their power in the maintenance of international peace and security, and that the World Council should be required to take the initiative for this purpose.

(ii) That no guarantee should be given of the territorial integrity of Members.

(iii) That no guarantee should be given of the political independence of Members, but that respect for it should be recognised as one of the principles of the organisation.

46. *As to the conditions in which action should be taken for the maintenance of peace and security—*

That there should be no attempt to lay down in advance any rigid definition of the occasions on which such action should be taken, but that the Members of the Organisation and the World Council should only be empowered to take action in accordance with the principles and objects of the Organisation.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

MEMORANDUM C. C222780

SECURITY.

THE MILITARY ASPECT OF ANY POST-WAR SECURITY ORGANISATION.

I.—INTRODUCTION.

THE Moscow Declaration on General Security contemplates the creation, at the earliest possible date, of an international organisation charged with the maintenance of world peace and security. This organisation is to be founded on the principle of the sovereign equality of all peace-loving States, and all such States are to be eligible for membership.

2. An attempt is made in the present paper to sketch out the general lines on which the organisation of International Security might be attempted after the conclusion of the present war. The proposals deal, however, with the form which the Permanent Security Organisation might eventually take and do not relate to the intervening period. During this last period it is evident that some temporary arrangements will have to be made, but these will be obviously affected if there is some previous general agreement as to the form which the permanent organisation might assume.

II.—GENERAL CONSIDERATIONS.

Nature of the Organisation.

3. The proposed world organisation, whatever its form, is bound to fail unless :—

(*a*) The United Kingdom, United States, U.S.S.R. and China continue to co-operate whole-heartedly in its support.
(*b*) The Governments and peoples of those Powers at least retain the will to enforce peace.
(*c*) The organisation is simple, its objects are clear-cut, and the machinery is of a kind to which member States are already accustomed.

The Objects.

4. The objects should be :—

(*a*) To disarm Germany and Japan;
(*b*) To keep them disarmed; and
(*c*) To prevent them or any other aggressor from again upsetting the peace of the world.

The Means.

5. The proposed organisation will have to rely, in the main, on the combined military forces of the United Nations and, in particular, of the Four Powers, working together to a common end. Most of the States concerned are already accustomed to such a system.

6. Economic measures, also, may operate to deter potential aggressors, but unless backed by force or the effective threat of it are unlikely to prove an adequate check on a State which is, itself, ready to resort to force.

The Idea of an "International Police Force."

7. In some quarters it is contended that the co-ordination of military forces could best be expressed in a completely international "Police Force." Whatever its theoretical merits, this postulates a greater advance in international co-operation than States are yet prepared to make, as it implies the existence of a world State. Practical questions of size, composition, maintenance, location and command would give rise to controversies on which international agreement would almost certainly be unobtainable.

8. We conclude that the time has not yet come for the creation of such an international force.

C222781

III.—PROPOSALS.

Higher Military Organisation.

9. The proposed world organisation implies the existence of some sort of World Council. This Council will need military advice, and this advice will have to be given by States, not individually, but in concert. Apart from the "strategic" side of the work, *e.g.*, the preparation of plans to resist potential aggression, there are a number of general questions such as the regulation of armaments on which combined military advice will be required.

10. If the Higher Military Organisation is to advise the World Council and provide machinery whereby plans can be made in advance and the efforts of the forces of member States co-ordinated, it follows that it must form part of, and receive directions from, the World Council.

11. It thus becomes clear that there will have to be a Military Staff Committee serving the World Council.

Composition of the Military Staff Committee.

12. Since for many years to come the Four Powers will have to play the predominant part in safeguarding world peace, the permanent members of this Committee should be the military representatives of those Powers. The co-operation of States other than the Four Powers will, however, be essential in providing forces and making available bases, shipping and other facilities, and these States will expect to be given a voice corresponding to their obligations. These States should therefore be associated in some form or other with the work of the Military Staff Committee. The form which this association should take raises difficult problems, and must depend to a considerable extent on the form which the World Council itself takes. As a beginning, the Committee might be strengthened, when dealing with particular security problems, by the addition of military representatives of States having special concern with the question under discussion.

13. It is important that the members of the World Council should not receive military advice from more than one source. It is therefore essential that the members of the Military Staff Committee should be the supreme military authorities in their own countries or their representatives.

Functions of the Military Staff Committee.

14. The primary duty of the Committee would be to prepare and keep up to date plans for the prevention of any renewed aggression by Germany or Japan, or by any other State which might at any time give signs of becoming an aggressor. The Committee would also be responsible for any necessary co-ordination of the national forces of the member States.

Force at the Disposal of the World Council.

15. For the purpose of dealing with major aggression, it is contemplated that, when necessary, the full resources of all member States would be made available. To deal with minor emergencies, part of the obligation to be assumed by member States would be the earmarking of a quota of their national forces or other reources to be at the disposal of the Council. It would be for the World Council to decide, on the advice of the Military Staff Committee :—

(i) What the size and composition of the quotas of individual States should be.
(ii) In the event of an emergency arising, what particular forces should be called upon to deal with it.

16. The mere existence of national forces and their availability in emergency would not, however, by itself, suffice to ensure the maintenance of security, even if plans for their employment were made in advance by the Military Staff Committee. It would be essential that these forces should have worked together in time of peace if their co-operation were to be smooth and efficient in time of emergency. In this connection it is difficult to exaggerate the psychological effect of constant co-operation.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Co-operation between Forces of Different States.

17. In time of peace co-ordination could best be fostered—

(*a*) By the joint garrisoning or occupation of certain areas; and
(*b*) By means of joint cruises and flights and other joint exercises.

The method by which these objects should be achieved would require detailed study, and the necessary rights and facilities for joint garrisoning or occupation, joint exercise and joint access to ports and airfields, would have to be secured by agreement between member States and, where necessary, by expressed provisions in the peace treaties with ex-enemy States.

IV.—Regions.

18. There is considerable support for the suggestion that, for purposes of an international security system, the world should be divided into fixed regions, each containing forces which, under the supreme control of a World Council, would be responsible for preventing aggression in that region. It has been argued that such an arrangement would limit the military commitments of the smaller States and increase efficiency and rapidity of action.

19. From a military point of view, there are certain objections to a world organisation constructed on a basis of separate regions. These objections may be stated as follows :—

(*a*) It is impossible to draw a boundary of a region so as to confine within it all military operations which the member States in that region might have to undertake.
(*b*) If an attempt were made to fix the operational boundary of a region, States on the perimeter would necessarily form part of the neighbouring geographical region. Thus neighbouring regions would overlap extensively.
(*c*) The defence arrangements of some Powers are based primarily on sea and air power, which do not lend themselves to regionalisation.

The advantages of regional organisation may be summarised as follows :—

(*a*) The main attraction of a regional political organisation is that it would give the smaller nations a more direct concern in security problems, and so encourage their co-operation in security measures, thus reducing the burden on the Four Powers.
(*b*) Regional organisation might increase the efficiency and rapidity of both political and military action by member States of the region.
(*c*) A regional organisation, through its attached military staff, would facilitate military co-operation between the States concerned.

20. An argument in favour of the proposals contained in this paper is that the suggested military organisation is not dependent on the existence of regional political councils, yet could be adapted to a regional system if the latter proved desirable on political grounds. In such a case the Military Staff Committee would serve to co-ordinate the activities of the military staffs attached to the regional organisations.

V.—Conclusions.

21. Our conclusions, therefore, are as follows :—

(*a*) Any complete international " Police Force " is impracticable in present circumstances.
(*b*) The success of any world security organisation depends on the whole-hearted co-operation of the principal member States and on their resolution to use force to prevent aggression.
(*c*) The object, in the first instance, of any world security organisation should be the prevention of renewed aggression by Germany and Japan.
(*d*) Forces to support the World Council would have to be placed by Member States at its disposal in the manner contemplated in paragraph 15.
(*e*) Military advice and direction would be afforded to such World Council as may be set up by a military staff composed of the supreme military authorities of appropriate member States or their representatives

(*f*) National forces associated for the above purpose should train and work together in peace to the greatest possible extent.
(*g*) There would be some military difficulty in the division of the world for security purposes into fixed geographical regions, but, if Regional *Political* Councils were set up as part of some world organisation, it would follow that they should have Military Advisory Staffs, and this might facilitate local co-operation.

Note.—It will be noticed that the system proposed above differs from the system which existed prior to the war in the following three main points :—

(*a*) The establishment of an effective Military Staff Committee of the World Council with power to formulate plans and to co-ordinate the action of national forces prior to any emergency which may necessitate their action.
(*b*) The joint garrisoning of certain areas by combined detachments of national forces.
(*c*) The training and exercising together of national forces in peace-time, making use of certain specified seaports and airfields.

Memorandum D.

CO-ORDINATION OF POLITICAL AND ECONOMIC INTERNATIONAL MACHINERY.

THERE will inevitably be set up, as part of the permanent international system, a number of specialised international bodies dealing with economic and social questions. Some of these bodies have already been considered in considerable detail, *e.g.*, the Permanent Organisation for Food and Agriculture. Others are in earlier stages of development. There are already in existence the technical organisations attached to the League of Nations, such as those which deal with Health, the abolition of the Drug Traffic, Transport, &c.

2. It will be necessary to make provision—

(*a*) To co-ordinate the activities of these bodies on their technical side.
(*b*) To bring them into relation with the World Organisation.

3. The obvious methods by which these objects can be achieved are by means of discussions both between the specialised organisations themselves and in the world organisation, and by means of an economic and social secretariat attached to the World Council.

4. No doubt some form of consultation will be arranged between the specialised bodies themselves so that their activities may be directed towards a common end. This co-ordination will be assisted by the existence of an economic and social secretariat attached to the World Council. The specialised international bodies should also have the obligation of sending reports to the World Organisation as well as to their constituent members. These reports can be considered and discussed in the World Organisation, so far as it is desirable to do so, in order to facilitate co-operation between the specialised bodies and the maintenance of international peace and security.

5. These discussions will be assisted by the existence of an economic and social secretariat attached to the World Council, and these may thus come into being for economic and social questions as equivalent to the machinery which (see Memorandum A, paragraph 38), will, it is hoped, be in existence for political questions.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

MEMORANDUM E.

METHOD AND PROCEDURE FOR ESTABLISHING A WORLD ORGANISATION.

IT may be hoped that the exchange of memoranda and preliminary discussions between the three Powers will result in a considerable measure of agreement. The question thus arises how such agreement shall be recorded, in what form it shall be submitted to the three Governments for their approval, and how and when the views of the other United Nations shall be obtained.

2. In Article 4 of the Moscow Declaration the Four Powers recognised the necessity of establishing an international organisation " at the earliest practicable date," and an obligation lies on them to make every effort to fulfil this promise.

3. Moreover, if agreement can be obtained between the United Nations on a definite scheme to maintain international peace and security a new hope will arise in the world which may do much to render less difficult the painful process of reconstruction. The reception of the Moscow Declaration by public opinion shows how anxious the world is to receive some assurance that such a scheme is ready for adoption.

4. There appear to be considerable advantages in obtaining at the earliest possible moment agreement on the essentials of the permanent International Organisation, leaving the more detailed working out of its several parts to a later stage.

5. If it is decided to set up any regional associations in any part of the world it will be much easier to fashion them in accordance with a general plan after the outline of the World Organisation has been determined.

6. Moreover, the existence of such an agreement will facilitate negotiation for the establishment of specialised and technical bodies. It will also make possible the adaptation of such parts of the temporary machinery set up immediately after the war as it is desired to incorporate in the permanent Organisation.

7. In the Moscow Declaration the Four Powers have assumed a responsibility for the maintenance of peace and security pending the establishment of a general system of security. This duty is likely to be less onerous if the other United Nations, and possibly States now neutral, are associated with the Four Powers for that purpose at the earliest possible date. In this way the new permanent Organisation will more quickly become a reality and take its proper position in the new world community.

8. Moreover, the Treaties of Peace will be more easily made if the form and character of the new permanent organisation are already known. Solutions of difficult problems will be more easily found and there is less likelihood of decisions being made which are incompatible with the terms of the permanent organisation.

9. It is suggested, therefore, that the aim of the preliminary talks at Washington should be to reach such agreement as can be referred to the three Governments in the form of a Draft Declaration, similar to that signed at Moscow but containing in its several clauses a more extended survey of the objects and principles of the permanent International Organisation and an outline of the machinery which it is proposed to set up to obtain them.

10. It may be necessary to omit from the draft Declaration many important particulars, *e.g.*, the exact methods by which the members of the World Council are chosen and their number. Some of these points may perhaps be left to the new organisation itself to determine. But it may be hoped that agreement may be obtained on what political bodies shall be set up, *e.g.*, a World Assembly, a World Council and a World Court; on the principles on which action will be taken for the pacific settlement of disputes and the maintenance of international peace and security; on the necessity for agreeing some permanent method by which the military forces necessary to maintain international peace and security can be co-ordinated; and on the principles which shall govern the relations of the specialised organisations with one another and with the World Council and World Assembly.

11. It will then be for the Governments of the three Powers to determine how far they can approve the draft Declaration and it may be necessary to have a more formal exchange of views between them for this purpose.

12. If agreement is thus obtained it will be necessary to communicate it to the other United Nations for consideration, and immediately thereafter to publish it. After a suitable interval the United Nations would be invited to attend a Conference at which the Declaration, with such amendments as had been found desirable, would be definitely adopted.

13. It should then be possible to set up a body to work out a more detailed instrument in the form of a Convention or Treaty on the lines of the Declaration. It would be the coming into force of this instrument, after the ordinary procedure required for ratification, which would bring the Permanent Organisation into existence. The exact date on which it was put into force might well be left to be determined by the Four Powers who are specially responsible for the maintenance of international peace and security in the interim period.

14. This method would have the advantage that, while the Permanent Organisation can, of course, only be brought into existence with the full consent of the Governments concerned after they have consulted the peoples which they represent, its form and character will have been to a large extent decided in consequence of the adoption of the Declaration. Many of the Governments of the United Nations might find it impossible to sign a treaty at that stage. Some of them may not survive the transition from war to peace. But many of them could record their agreement to a Declaration of the kind described and so prepare the way for themselves or their successors to take part in the preparation and signature of the final instrument.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER]

WAR CABINET DISTRIBUTION.

FROM TEHRAN TO FOREIGN OFFICE.

Sir.R.Bullard. D. 4.35.p.m. 10th May, 1944 (G.M.T).
No.466.
10th May, 1944. R. 7.20.p.m. 10th May, 1944 (D.B.S.T).

Repeated to Moscow Saving.
M.E.Min.
Bagdad.

6 6 6 6 6

Your telegram No. 263.

I gave the Prime Minister your message and he promised to support Dr.Millspaugh. Unfortunately M.Saed is completely ignorant of economic questions and unable to understand the difficulties with which Millspaugh has to struggle and he tends to listen to ill-informed or malicious criticism. I will try to keep him straight on this point.

2. It is good news that the arrival of the new United States Ambassador is to be hastened. There is much for him to do in connexion with American advisers.

[OTP]

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Argentina

C222787

[The text of this telegram must first be paraphrased if communicated to persons outside British or United States Government service or if retransmitted in a cypher system other than O.T.P.]

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] WAR CABINET DISTRIBUTION.

FROM BUENOS AIRES TO FOREIGN OFFICE.

Sir D. Kelly. D. 8.08 p.m. 10th May, 1944.
No. 499
10th May, 1944. R. 6.30 a.m. 11th May, 1944.

Repeated to Washington,
Rio de Janeiro
Montevideo Saving
Santiago Saving.

£££££

IMPORTANT.

CONFIDENTIAL.

My telegram No. 492.

Embarkation on cruiser "Argentine" of the Brazilian Ambassador's body yesterday was the occasion for imposing military display and six speeches. The United States Ambassador was introduced to Colonel Peron and Minister for Foreign Affairs, whom he congratulated on his speech. The Argentine "Special Embassy" is also going to Rio de Janeiro on the cruiser.

2. Last night at private dinner party, the Chief-of-Staff General Von Der Becke who is intimate with Colonel Peron asked me my views. During long conversation I urged the desirability of the Government:-

(a) giving fullest publicity to their anti-espionage and anti-smuggling activities;

(b) promising to give no more contracts to German firms;

(c) withdrawing supplies from anti-Allied newspapers and

(d) withdrawing censorship on foreign press correspondents of which the effects have been the exact contrary to their intentions. Points (a), (b) and (c) are points which the United States Ambassador has been considering in view of the Brazilian [grp. undec: ? offers], suggesting to his Government as basis for reconciliation together with the deportation or internment of Axis diplomats.

3. /

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222788

3. I also said that though I did not know Dr. Baldrich personally his record could hardly inspire confidence and I stressed the belief that the military régime had been working against the United States in other South American countries. The Chief-of-Staff denied the latter, which he said only meant that the Argentine Government wanted closer relations with their neighbours; he said the German firms were employed on their technical merits for certain public works, and that anti-Allied newspapers had no influence regarding opinions about the war, but were necessary organs of opinion regarding purely internal matters. He complained bitterly that when Generals Ramirez and Gilbert broke off relations, they got "most chilling" acknowledgement from President of the United States in contrast with the applause given to Chile.

4. The above reference to United States Ambassador's suggestions to me is most confidential as he is awaiting the arrival of Dr. Spaeth (who may be taking over the Latin American Division in the State Department) to-morrow before submitting any new recommendations.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

France

C222789

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

[CYPHER]

WAR CABINET DISTRIBUTION

FROM ALGIERS (AMBASSADOR) TO FOREIGN OFFICE

Mr. Duff Cooper
No. 547 D. 7.31 p.m. 10th May, 1944
10th May, 1944 R. 10.55 p.m. 10th May, 1944

g g g g g

Your telegram No. 448 reached me this morning of May 10th when the trial of Derrien had already started. It would be impossible now to stop it and official representations to the Committee would therefore in my submission do more harm than good.

2. The invitation to send observers was made officially by Weiss to a member of my staff and to one of the United States mission and resulted from Weiss himself having been invited by our Military authorities to attend the court martial of Italian spies. It would therefore provide rather slender justification for British interference in French administration of justice.

3. I have missed no opportunity of making plain to members of the Committee my own views and those of His Majesty's Government with regard to these trials. I had two members of the Committee Frenay and Grenier to dine last night together with three members of the Resistance Party and instanced to them the case of Marshal Ney who was certainly guilty of treachery but whose execution everybody now deplores. I shall see M. Massigli this evening and speak to him strongly on the subject urging that no extreme measures be taken against Derrien.

4. Jacquinot, Commissioner of the Marines, has done everything in his power to prevent this trial which he fears may have a bad effect on the fleet but he believes he has the situation in hand.

5. I have informed my United States colleague of the decision not to be represented on the trial.

OTP.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Turkey

C222790

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on.]

[CYPHER] WAR CABINET DISTRIBUTION

FROM ANGORA TO FOREIGN OFFICE

Sir H. Knatchbull Hugessen.
No. 722.
10th May, 1944.

D: 10.44 p.m. 10th May, 1944.
R: 10.45 a.m. 11th May, 1944.

Repeated to: Washington.

@@@ @@@ @@@

IMPORTANT

Your telegram No. 562.

My United States colleague agreed to my acting at once. I therefore decided to see the Minister for Foreign Affairs to-day.

2. But just before the interview took place we received from the Secretary General the text of the newly signed Turco-Hungarian Agreement (my telegram No. 704) outline of which will follow in a separate telegram. Therefore, after speaking in the sense of paragraph 6 of my telegram No. 672, I remarked that I had seen the Turco-Hungarian Agreement and [3 grps.undec.] for the supply to Hungary of the majority of the commodities of strategic importance mentioned in our note of April 14th. I could only say that the effect on His Majesty's Government would be extremely bad.

3. The Minister for Foreign Affairs interrupted me only to say I was not to take the figures in the Hungarian Agreement as representing an undertaking which would in fact be executed. All these deliveries from Turkey to Hungary would depend on priority delivery of Turkish orders for Hungarian goods. These orders would be passed through the Bureau at the Ministry of Foreign Affairs and would be weeded out to the minimum of what was essential and could not be obtained elsewhere. In point of fact, as he had already stated, the Minister for Foreign Affairs intended to reduce deliveries of these Turkish goods to 60% of deliveries last year. I reminded him at this point that not only had he mentioned 50% to me in Istanbul but that we were asking for the complete cutting off of all these goods. The Minister for Foreign Affairs said he was working to reduce the percentage to 50%. Nevertheless Turkish economic life could not be entirely strangled and where essential commodities could not be obtained elsewhere, it would be necessary to rely upon deliveries from Axis countries. We had accepted this in the case of Spain and Portugal.

4. I asked him why, if in fact he did not intend to execute the Hungarian agreement up to the total figures contained in

/it,

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222790

it, he had mentioned these figures at all. The Minister for Foreign Affairs replied in confidence that he was bound to do this because if he had opened negotiations by telling the Hungarians that he intended to cut down deliveries to 50 or 60% of last year's figures he would have failed to secure certain essential imports which were coming forward from Hungary.

5. I again pressed him for a total cutting off.

6. The Minister for Foreign Affairs twice mentioned that he would be ready to enter into a secret agreement with us which would have the effect of further reducing deliveries to Hungary in proportion to essential commodities which we could undertake to deliver ourselves. I said I was not able to give an off-hand answer to this question.

[Note: correction of undecypherable groups in paragraph 2 is being obtained.]

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Turkey

C222792

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on.]

[CYPHER]

WAR CABINET DISTRIBUTION

FROM ANGORA TO FOREIGN OFFICE

Sir H. Knatchbull-Hugessen
No. 723. D.10.43 p.m. 10th May, 1944.
10th May, 1944. R. 7.20 a.m. 11th May, 1944.

Repeated to Washington

JJJ

IMPORTANT.

Washington telegram No. 2406.

My United States colleague was so convinced of the advisability of action on your telegram No.562 that we both felt that there was no advantage in delay. I am certain that advice to his Government will be in this sense.

OTP.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222793

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] WAR CABINET DISTRIBUTION

FROM ANGORA TO FOREIGN OFFICE

Sir H.Knatchbull Hugessen D. 10.40 p.m. 10th May 1944
No.725

10th May 1944 R. 7.25 a.m. 11th May 1944

Repeated to Resmin Med.

Ø Ø Ø

During the past ten days reports have been current here of stoppage of railway communications between Turkey and Bulgaria. Secretary General informed Counsellor on May 6th that for some days before March 4th [sic] railway communication had in fact stopped.

2. Other reports suggest that though greatly reduced, there was still trickle of traffic. In any case my latest information indicates that inward traffic has been resumed, 30 waggons from Germany routed via Hungary having reached Istanbul. Ordinary letter mail from Switzerland has also begun to arrive after a prolonged interruption.

[Copies sent to Mr Wiltshire]

[OTP]

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Spain.

C222794

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on.]

[CYPHER]

WAR CABINET DISTRIBUTION

FROM MADRID TO FOREIGN OFFICE

Mr. Yencken
No. 733.
10th May, 1944.

D. 10.15 p.m. 10th May, 1944.
R. 6.30 a.m. 11th May, 1944.

Repeated to Tangier

JJJ

IMPORTANT.

Tangier telegram No. 163 to Foreign Office

You will see from my telegram No. 727 that Minister for Foreign Affairs' intention is to arrange for the withdrawal of German Consulate General with the Germans in Madrid and not to instruct General Orgaz to close it. It appears indeed that General Orgaz has himself been pressing for instructions to cover himself locally. In the circumstances there appears to be little to be gained by pressing him further at present in Tangier. Incidentally Senor Castillo was obviously lying when as reported in Mr. Gascoigne's telegram No. 160 he stated that General Orgaz had received his instructions but was deliberately delaying in carrying them out.

Meanwhile I have sent the First Secretary to see the head of the European Department again to point out that His Majesty's Government's interpretation of the agreement is that German Consulate General should be closed forthwith and to speak in the sense of my immediately following telegram. This matter will prepare Minister for Foreign Affairs for my interview with him to-morrow.

It would be useful if the matter could now be taken up strongly with the Spanish Ambassador in London and he be given facilities to discuss your representations.

Please show this telegram to Sir S. Hoare who might like to add a message of advice to [grp. undec.]

Please repeat to Washington as my telegram No. 193.

[Repeated to Washington No. 4097.]

OTP.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[CYPHER]

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

WAR CABINET DISTRIBUTION

FROM MADRID TO FOREIGN OFFICE

Mr. Yencken
No. 734
10th May, 1944

D: 10.15 p.m. 10th May, 1944

R: 7. 20 a.m. 11th May, 1944

Repeated to Tangier telegram No. 63.

p p p

IMPORTANT

My immediately preceding telegram.

First Secretary duly pointed out this morning to head of European Section that while I had no doubt whatever that Spanish Government were sincerely resolved to implement the agreement and while His Majesty's Government would wish to make due allowances for technical arrangements necessary, you would be very unlikely to agree that more than a week or ten days at the outside should be required for the German Consulate General to have packed up and finally left. The Germans had had ample warning and time to prepare to move. Moreover owing to unexpected prolongation of negotiations the Germans had had the advantage of much longer use of their Consulate General as a base for activities against us than had been contemplated. I thought it therefore essential that when I see the Minister for Foreign Affairs tomorrow morning he should be in a position to name definite date and one well before the end of May mentioned yesterday for final departure. We for our part would be ready to issue the necessary safe conducts tomorrow if need be. Minister for Foreign Affairs would realise that these were friendly suggestions because we wanted Spanish Government to receive full credit for agreement and not to see it becoming an anti-climax. He would also appreciate how signs of procrastination on the part of the Spanish Government would appear in England in the fourth year of the war and in view of the coming events and effect of continued presence of German Consulate General and German agents of all kinds in North Africa to spy on our movements. Delay merely meant more difficulties with the Germans and mounting irritation with the Allies. Official took all this in good part and promised to convey it to Minister for Foreign Affairs before I see him tomorrow. Pressed to say whether General Orgaz had in fact yet received any instructions on this subject, official was quite definite that he had not and that he would not receive any until preliminary and detailed decisions had been taken here.

Please repeat this telegram and my telegram No. 727 to Washington as my telegrams Nos. 195 and 194.

[Note: Madrid telegram No. 727 repeated to Washington No. 4103. Telegram No. 734 repeated as No. 4104.]

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] WAR CABINET DISTRIBUTION

FROM MADRID TO FOREIGN OFFICE

Mr. Yencken.
No. 737.

D. 12 midnight 10th May 1944.

R. 4.55 a.m. 11th May 1944.

10th May 1944.

Repeated to Tangier

rrrrrr

IMMEDIATE

Your telegrams Nos. 567 and 573.

As my telegrams Nos. 733 and 734 show, delay is due not so much to General Orgaz's attitude, as to the Minister for Foreign Affairs' natural desire to bring about the closing of the German Consulate General with as little provocation as possible to the Germans. As the matter is being dealt with in Madrid and General O. has not yet had instructions, my impression is that the pressure being put upon him is only building up and hardening his resistance to no purpose.

Since May 5th I have in fact been pressing at all points including the Under Secretary of State, the head of the European Department Section and through the Technical Committee to the Minister for Foreign Affairs to fix an early date. I have already prepared a letter to His Excellency to bring the matter to a point for me to interview him tomorrow.

Meanwhile in fairness to Minister for Foreign Affairs it should be noted that he acted with great promptitude in informing the German Government in Berlin and the German Ambassador at Madrid the day after the completion of the agreement that the Consulate must be closed and that he has already given instructions for the release of Italian ships and granted visas for the crews. Important progress has also been made by Technicians over the arrangements to stop smuggling of wolfram.

Please repeat to Washington as my telegram No. 197.

[Repeated to Washington as telegram No. 4094].

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222797

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on.]

[CYPHER] WAR CABINET DISTRIBUTION

FROM LISBON TO FOREIGN OFFICE

Sir R. Campbell.
No. 823.
10th May, 1944.

D: 2.19 GMT 10th May, 1944.
R: 5.00 DBST 10th May, 1944.

Repeated to: Washington, No. 71.

@@@ @@@ @@@

IMMEDIATE

My telegram No. 820.

Doctor Salazar opened the interview by apologising for what he described as a misunderstanding. He had not understood that we were waiting on him and he regretted the delay involved by loss of time between date on which he had handed me his reply to Prime Minister (March 29th) and the date(April 18th) on which I had told Doctor Leitao that we were expecting him (Doctor Salazar) to make next move. I reminded him that acting on instructions I had many weeks ago before that informed him that in the light of value of enhanced importance of wolfram only solution you could regard as wholly satisfactory after expiry of German wolfram year would be a total embargo and had asked him to let me know what he felt able to do in the altered circumstances. Whilst reply to this approach was still long outstanding I had handed to him Prime Minister's letter. His answer to that had been to the effect that he could not give embargo but would give reduction of German quota. Naturally therefore we had been waiting to hear what kind of reduction he had in mind. He again apologised.

2. He then propounded his three alternative suggestions with an air (whether assumed or not I cannot say) of expecting us to be well satisfied. After I had obtained his views as reported in my telegram under reference I asked permission to recapitulate our case. I used the arguments which I used with M. Sampayo and Duke of Palmella (my telegrams No. 811 and No. 813) and after referring to strain on alliance and suggesting that name of Portugal might come to be held in abomination in British Isles and most of Europe for generations to come I said that as the Allies were determined to obtain a complete and decisive victory only right and humane thing to do was for all countries, belligerents, occupied territories and neutrals alike to strain every nerve to bring it about as quickly as possible. More [sic] I said when it became known (which was not yet the case) that our secular ally had refused to do as Turkey had done and had chosen to help our enemy to postpone his defeat you would inevitably be asked in parliament to state what action you proposed to take in face of this unfriendly gesture.

/3.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222798

3. As Doctor Salazar remained silent and inscrutable I closed the interview by repeating that I was not authorised to discuss any compromise at least [sic] which you would regard as most unsatisfactory but that I would report to you his proposals.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222799

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on.]

[CYPHER] WAR CABINET DISTRIBUTION.

FROM LISBON TO FOREIGN OFFICE.

Sir R. Campbell.
No. 825.
10th May, 1944.

D. 11.36 a.m. 10th May, 1944.
R. 2.30 p.m. 10th May, 1944.

zzz zzz zzz

IMMEDIATE.

My telegram No. 823.

While we were talking figures, I told Dr. Salazar quite frankly that we did not accept his. I gave him broadly our own figures for exports of wolfram to Germany for the first four months of this year. They were a minimum since we only accepted figures which we had been able to check and control When Dr. Salazar as usual, claimed that figures represented by petty smuggling (which it was impossible to stop entirely) were negligible, I replied that it was not that to which I was referring but to how far exports [?grp. omitted.] on a large scale in which railway company police and other officials and even high Administrative officials were involved.

2. Dr. Salazar said that although anything was possible, he found this difficult to believe since his controls were very stringent. He admitted however that wolfram had corrupted large numbers of people. If he could start again from the beginning, he thought that he would forego the profits accruing to the State and make all mining and collecting of wolfram illegal.

3. I told him that Spanish and Anglo-American experts were now collaborating in the task of devising ways and means of preventing illicit exports in Spain. Without committing himself, he hinted that he might agree to something of kind here.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Portugal

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

C222800

[CYPHER]

POLITICAL DISTRIBUTION

FROM LISBON TO FOREIGN OFFICE

Sir R.Campbell
No. 827
10th May, 1944

D. 940. p.m. 10th May, 1944
R. 3.45 a.m. 11th May, 1944

Repeated to Madrid Saving

77777

Increasing tension reported in my Despatch No. 150 came to a head in a series of strikes at individual factories in the neighbourhood of Lisbon on May 8th and May 9th. Movement which was less extensive than that of last summer (my Despatch No.312) did not seriously affect public utilities or shipyards. Authorities immediately took severe measures apprehending strike leaders and a number of those who took part and today conditions have returned to normal except in one or two concerns which remain closed.

2. There have been no reports of trouble in the Oporto district or elsewhere.

3. Primary cause of the strikes was undoubtedly the mounting popular dissatisfaction with food shortage (especially bread rationing) which is variously attributed to bad administration and corruption and to the export of food stuffs to Germany; unpopularity of Dr. Salazar fanned by the publicity given by the British Broadcasting Corporation to the Portuguese Government's policy of permitting continued exports of Wolfam to Germany contributed no doubt to outbreak for which the immediate signal was a manifesto issued in the name of the Underground Portuguese Communist party appealing for a two day general strike in order to force the Government to improve the lot of the workers. The manifesto called upon the Army, Police and Republican Guard not to fight against their brothers and summoned Portuguese people to rise up against Salazarist reign of hunger, terror and treachery. As might be expected the strike move has attracted severe castigation in the press which refers to clandestine activities of the Communists in fomenting unrest and applauds the firm action taken by the Government.

Fact...

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Fact that the stoppage of work was not generally coupled with evidence of state of preparedness of the authorities may point to the outbreak having been precipitated by the latter who would count on ruthless repression now to ward off further trouble in the next few months. On the other hand much will depend on development of food situation and I would not rule out the possibility of deep and widespread discontent with the Government again coming to a head in a more serious outbreak.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222802

AMENDED DISTRIBUTION (11th May,1944)

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on.]

[CYPHER] WAR CABINET DISTRIBUTION

FROM LISBON TO FOREIGN OFFICE

Sir R. Campbell.
No. 828.
10th May, 1944.

D: 7.10 p.m. GMT 10th May, 1944.
R: 10.05 p.m. BDST 10th May, 1944.

Repeated to: Washington.

@@@ @@@ @@@

IMMEDIATE

Your telegram No. 4057 to Washington.

SECRET

You will have seen from my telegram No. 820 that Dr. Salazar's final offer is a ceiling of somewhat under 900 tons. We might conceivably be able to persuade him.

a) to reduce this to 800

b) to make it retrospective to March 1st thus including the 275 tons exported in March and April, and

c) to apply ceiling on a monthly basis.

On the other hand we shall have the greatest possible difficulty in preventing him from delivering to the Germans, over and above ceiling, the 150 tons which he regards as due to them under last year's agreement.

2. On the unlikely assumption that we succeed on all four points, the result would be monthly exports of 52½ tons as from May 1st. I see no hope of persuading him by any ordinary process of negotiations to reduce this figure to Spanish levels. Indeed I regard it as very improbable that we should be able to get him down so far as 52½ tons per mensem so improbable in fact that I should be reluctant to embark on a discussion of figures unless I were authorised to inform Dr. Salazar at the appropriate moment of specific consequences which would follow a refusal to meet us.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Egypt

C222803

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on.]

[CYPHER]

WAR CABINET DISTRIBUTION

FROM CAIRO TO FOREIGN OFFICE

Lord Killearn, No. 950

D. 7.43 a.m. GMT 10th May 1944

10th May 1944

R.10.10 a.m. DBST 10th May 1944

IMMEDIATE

I have just heard that Makram Ebeid has been interned this afternoon.

2. The Embassy was not consulted.

3. It is presumably in connexion with his recent issue of a pamphlet containing series of resolutions containing what amounts to an invitation to violence by the youth of the country - for text see my despatch No. 542 of May 6th.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

U.S.S.R

C222804

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

[CYPHER] POLITICAL DISTRIBUTION

FROM MOSCOW TO FOREIGN OFFICE.

Sir A. Clark-Kerr
No. 1220 D. 12.36. p.m. GMT 10th May 1944

10th May 1944 R. 3.05. p.m.BDST 10th May 1944

8 8 8 8

My telegram No. 1201.

Before he left Moscow, Orlemanski talked freely with one American correspondent. He was cockahoop about the relationship he had established with Stalin and about the latter's accommodating attitude towards the church and was convinced he had achieved something important in the nature of the beginnings of a bridge between the Soviet Government and the Vatican. He would not quote Stalin's words but said he was persuaded that Stalin did not wish to see a revolution in Poland and considered the Church to be a useful element of stability. Orlemanski was allowed to put two questions to Stalin for subsequent publication if on his return to the United States, the Bishop of his diocese raised no objection.

2. The questions and answers were to the following effect: Orlemanski. "Do you think it admissible that Soviet Government should pursue a policy of persecution and coercion towards the Roman Catholic Church?"

Stalin: "As an advocate of free conscience and of worship I consider such a policy to be inadmissible and precluded".

Orlemanski: "Do you think co-operation is possible with Pope Pius XII against coercion and persecution of the Church?"

Stalin: 'I think it is possible".

3. Stalin agreed to publication of these questions and answers and indeed seemed eager that Orlemanski should secure the necessary permission from his superiors.

4. Orlemanski has been clearly far more interested in matters of the Church than in the Poles as such. Them,he has largely left to Lange of whom he spoke with disparagement. He told me [grp. undec.] that he himself had had a direct invitation to come to this country from Stalin and that Lange had muscled in on it. He had grumbled about this to Stalin who had sympathised regretting the publicity which Lange's wife was giving to her husband's journey and had suggested Orlemanski deserved some publicity too. Hence photographs, broadcasts etc. My informant who studied Orlemanski closely

/ as

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222805

as an interesting specimen described him as vain and boastful and a mixture of great naiveté and peasants' shrewdness.

5. Orlemanski formed a low opinion of the Vassileewska and said that she and her Communists were quite out of fashion. He spoke well of Mikolaiczyk and hoped that he would break away from his Government in London to become head of the new government representative of the Polish people.

6. Lange has now returned to Moscow and I hope to see him soon. There has been a marked difference between his treatment by the Soviet Government and that given to Orlemanski whom they have been at pains to honour.

7. In the light of recent harsh attacks on the Vatican in the Soviet press, it is interesting to note that Stalin now seems to be willing to parley with the Church.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

C222806

[EN CLAIR] POLITICAL DISTRIBUTION

FROM MOSCOW TO FOREIGN OFFICE

Sir A. Clark Kerr D. 1.41 p.m. May 10th, 1944.
No. 1223. R. 7.40 p.m. May 10th, 1944.

May 10th, 1944.

b b b b

My telegram No. 1180.

Pravda May 8th publishes Tass message from New York quoting American newspaper and broadcast comments on Anglo-American agreement with Spain. Comments are mainly critical in tone.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Czechoslovakia

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

C222807

[EN CLAIR] POLITICAL DISTRIBUTION.

FROM MOSCOW TO FOREIGN OFFICE.

Sir.A.Clark-Kerr.
No. 1227. D: 2.27 p.m. 11th May, 1944.
10th May, 1944. R: 9.00 p.m. 11th May, 1944.

5 5 5

Izvestia May 9th publishes article on Soviet-Czech agreement. After noting agreement had been approved by Governments United States of America and Britain article says it is new landmark in development of friendly relations between U.S.S.R. and Czechoslovakia. Agreement is in accordance with treaty of December 12th 1943 and based on respect for sovereignty and independence of Czechoslovakia. It is first example of settlement by treaty between allied governments of mutual relations between armed forces and national administration. It is evidence of consistent policy of Soviet Union based on observance of principles regarding small states fighting with U.S.S.R. Britain and United States of America.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Argentina

C222803

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] WAR CABINET DISTRIBUTION

FROM WASHINGTON TO FOREIGN OFFICE

Viscount Halifax
No. 2441.
10th May, 1944.

D. 10.30 p.m. 10th May, 1944.
R. 7.10 a.m. 11th May, 1944.

Repeated to Buenos Aires telegram No. 293.

[ ] [ ] [ ]

IMPORTANT.

My telegram No. 2336.

After long conference with Mr. Hull officials concerned are conservatively optimistic regarding despatch of instructions to Armour and early consultation with Brazil and His Majesty's Government.

2. In to-day's press Sumner Welles again pounds at "disastrous non-recognition policy" of the United States Government, in both Argentina and Bolivia; maintains that other Governments are deeply concerned and restive; and urges some American Government to take the lead in summoning a consultative meeting to end "the intolerable impasse".

3. Inter-American Economic Development Conference initiated by Rockefeller, which opens in New York to-day, is expected to increase the demand in business circles for the removal of the political barrier blocking the preparations for post-war economic development of Latin America as an aid to increased United States exports. Canada has been invited and is sending an official observer. The Argentine delegates will also participate and are optimistic as regards the satisfactory "back door" results.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222804

(THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT)

S E C R E T

P.M.M.(44) 12th Meeting

COPY NO. 4

MEETING OF PRIME MINISTERS

MEETING to be held in the Cabinet Room at No. 10 Downing Street, on THURSDAY, 11TH MAY, 1944 at 11 a.m.

AGENDUM

THE POST WAR WORLD SETTLEMENT

(Continued discussion, including Commonwealth aspects)

See P.M.M.(44) 7.

(Signed) E.E. BRIDGES
J.E. STEPHENSON

Joint Secretaries.

Offices of the War Cabinet,
S.W.1.

10TH MAY, 1944.

The following have been invited to attend:-

United Kingdom

The Prime Minister
Mr. Attlee
Mr. Eden
Mr. Bevin
Mr. Morrison
Lord Woolton
Lord Cranborne
Colonel Stanley
Mr. Law

Canada

The Prime Minister
Mr. N.A. Robertson

Commonwealth of Australia

The Prime Minister
Sir Frederick Shedden

New Zealand

The Prime Minister
Mr. A.D. McIntosh

Union of South Africa

The Prime Minister
Mr. D.D. Forsyth.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

JAMES A. GIBSON

CANADA AND THE WAR

C222810

Proceedings on the Occasion of

AN ADDRESS

by

Rt. Hon. W. L. MACKENZIE KING, M.P.

Prime Minister of Canada

to

The Members of Both Houses of

THE PARLIAMENT OF THE UNITED KINGDOM

Addresses by

The Right Honourable WINSTON CHURCHILL, C.H., M.P.
Prime Minister of the United Kingdom

The Right Honourable W. L. MACKENZIE KING, M.P.
Prime Minister of Canada

The Right Honourable VISCOUNT SIMON, G.C.S.I., G.C.V.O.
Lord Chancellor of the United Kingdom

The Right Honourable CLIFTON BROWN, M.P.
Speaker of the House of Commons of the United Kingdom

WESTMINSTER, LONDON, ENGLAND
MAY 11, 1944

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222811

AN ADDRESS

by

Rt. Hon. W. L. MACKENZIE KING, M.P.

Prime Minister of Canada

TO THE

MEMBERS OF BOTH HOUSES OF THE PARLIAMENT OF THE UNITED KINGDOM

WESTMINSTER, LONDON, ENGLAND

May 11, 1944

Introduction by Right Honourable Winston Churchill Prime Minister of the United Kingdom

My Lord Chancellor, Mr. Speaker of the House of Commons, My Lords, ladies and gentlemen:

We are met here to-day to give a hearty welcome to Mr. Mackenzie King, Prime Minister of the Dominion of Canada. We have known him a long time, and the longer we have known him the more we have loved him. He comes here from Canada to attend our gathering of Empire leaders; he comes here as one who has played an unrivalled part in the forward march of Canada.

Like most of us here, he is a party politician. Well, there is nothing to be ashamed of in that! But I say without hesitation that there was no other man, and perhaps there was no other career which any man could have followed, which would have enabled our honoured guest of this afternoon to lead Canada united into the heart of this world-shaking struggle.

8867—1½

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

He has brought Canada to the greatest development of her power. It is extraordinary to think what Canada has done in this war. The unending crash of events, one scene of drama succeeding and overlapping another, the intense absorption of people of every age, sect and class in the war effort, hardly enabling them to draw breath —all this makes us incapable of appreciating a tithe of what is going on, what has been going on in Canada, under its Government headed by one who has been twenty-five years the leader of a party and eighteen years Prime Minister of the Dominion. With all that is being done there, we may well ask to be excused if we have not followed it all in the detail it deserves.

Canada, with her eleven million people, has guarded the heart and citadel of the Empire during the most perilous months in its history. There was a time when the Canadian Corps stood as our principal method of defence between the enemy's gathering invasion hordes and this vast City of London. And Canadians have become a naval people. They have gone to sea. Not only do they build ships, both of peace and war, but they man them, and fight them, and have contributed in a notable degree to the destruction of the U-boat menace.

As for the air, Canada is the home of the British Empire and Commonwealth in central organization. Her geographical and other conditions have facilitated this, and from the fields of Canada have come a race of airmen who have not only gathered unsurpassed honour, but will continue to be an asset for the greater unity which underlies all written or legal constitutions for the British Empire.

My friend, Mr. Mackenzie King, I have known for well over forty years, first in politics and then in personal friendship, and I know well the many steps he has always taken throughout that period leading up to this great climax of the development and demonstration of the power of Canada. Canada has a future which none can measure. The representative of this magnificent people will give us to-day a conception not only of the general participation of Canada in the Empire, but of the particular character of her contribution which, in our vast and varied organization, is always to be welcomed.

Canada is the link which joins together the old world and the new, which links the vast American people with whom, I trust, we shall ourselves develop a fraternal association. Canada, bound by sacred ties to the Mother Country, and also by terms of the deepest intimacy and friendship to the United States, clamps the whole structure of this benignant, unfearing, glorious British Empire together into one homogeneous mass which, when crisis comes for the world as a whole, will never fail in its duty.

I call upon Mr. Mackenzie King.

8867—2

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222814

Address by Right Honourable W. L. Mackenzie King
Prime Minister of Canada

Prime Minister, Lord Chancellor, Mr. Speaker, My Lords and Members of the House of Commons:

When I received from you, Prime Minister, the invitation to address members of both Houses of the Parliament of the United Kingdom, I found myself at a loss for words in which to acknowledge so high an honour. Your kindness in presiding on this occasion, your words of introduction, the traditions and associations of Westminster, and the presence in such numbers of the Lords and Commons add greatly to my sense of obligation.

I am only too well aware of all that it means to be the guest of the people of Britain, and to be speaking to them, and to others, from the heart of the British Commonwealth and Empire, at this moment of supreme crisis in human affairs. Your friendship and mine over many years of peace, and our close companionship throughout the years of war, to which you have made so kind a reference, afford me a support I greatly welcome in addressing this distinguished assembly.

As to my part in Canada's entry into the war, it was but the discharge of the responsibility which was mine to give expression, in a decisive hour, to the will and spirit of the Canadian people, and to serve their highest interests.

Four years have now passed since you, Prime Minister, accepted the leadership of the people of Britain and the leadership of the cause of human freedom. You and your colleagues have led this country, and the cause for which it stands, from the dark days of extreme peril, to this hour when at last the light is beginning to break. It is a source of confidence throughout the free world that you are continuing your leadership with a vision and a courage which have already become a legend.

C222815

I recognize that, for me, this occasion is designed as a welcome to Canada's representative at the meeting of Prime Ministers of the British Commonwealth. For the high compliment being paid Canada to-day, I should like to express my gratitude and pride.

I know that the welcome you accord to me is equally heartfelt and generous towards the representatives of Australia, New Zealand and South Africa. I should like to say to Mr. Curtin, Mr. Fraser and Field Marshal Smuts how great is the admiration of the people of Canada of their leadership, and of the heroic part which their countries have taken in this war. I should also like to say to them how glad I am that our presence in London at this time affords to us all not only exceptional opportunities of conference with the Prime Minister of Britain and his colleagues, but of making clear to the world the oneness of the nations of the Commonwealth in the winning of the war and in seeking international co-operation after the war.

Greetings from Canada

Perhaps I may be allowed to convey a special message from the people of Canada to the people of Britain.

No memory of happiness in the past is more cherished than the recollection of the visit of Their Majesties the King and Queen. In Canada, as in Britain, the years of war have heightened the admiration and increased the affection felt by men and women everywhere for our King and Queen. We have been inspired by their courage and devotion in sharing the dangers and sorrows of the people. In all the nations of the Commonwealth, their example has deepened the meaning and significance of our common allegiance to the Crown.

The heroic endurance of the people of Britain is ever present in our minds. We shall never forget your resolution in the darkest days of the war. Nor shall we ever cease to remember the determination with which, amid destruction of your homes and in peril of your lives, you, the men, women and children of Britain, have continued to carry on your work and to maintain your confidence in the future. Clearly the maintenance of human freedom has

8867—2½

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

depended upon the preservation of the freedom of Britain. It is our greatest pride, as it is the greatest pride of other British nations represented here, that when, for so long a time, you alone bore the brunt of the attack, we stood with you in arms against the might of Nazi Germany. The free nations of the world can never forget that it was the indomitable resistance of the people of Britain that bought the precious time for the mobilization of the forces of freedom around the globe.

The Strength of Britain

Britain has also been an example to the world of the organization of a free people for a common task. You have astonished the world by the marvels of your industrial production and by the skill and efficiency of your workers. You have never lost your faith. A new energy, a new confidence have been generated in your people. These will endure. And your faith, tested and tried in the fires of affliction, will be firmer and stronger than it has ever been.

When victory is won, you will still possess the same initiative, vigour and endurance; the same skills of hand and brain; the same qualities of mind and spirit. These have enabled the people of Britain to make a contribution to the winning of the war which, man for man, no other nation has surpassed. In peace as in war, these qualities will remain. In the building of a better world after the war Britain will be able, by the force of her example, to give the same leadership that she has given in the waging of war.

The Spirit Underlying Canada's War Effort

It is, however, not of Britain but of Canada that I am expected to speak on this occasion. I should like, therefore, if I may, to speak to you particularly of the spirit of Canada, as exemplified in Canada's war effort. I do this with less embarrassment as a like spirit, I know, animates the war efforts of all the nations united in a common allegiance to the Crown. I should like to speak, as well, of what that spirit signifies for the future of the British Commonwealth and of its relation with other nations in the building of a new world order.

In speaking of Canada's war effort it is not my intention to describe our contributions to the present world conflict primarily in terms of men and materials. What I should like to refer to are certain aspects which, viewed collectively, reveal the spirit of the Canadian people.

A Voluntary Effort

I place first the aspect I regard as most significant. Canada's war effort is a voluntary effort. It is the free expression of a free people. Like the other nations of the Commonwealth at war to-day, we entered the war of our own free will; and not as the result of any formal obligation. Ours was not primarily a response to a call of blood or race. It was the outcome of our deepest political instinct—a love of freedom and a sense of justice.

As our decision was a voluntary decision, so the effort of our people in carrying on the war has been a voluntary effort. In Canada, as in other countries, controls and restrictions have been imposed in order to prosecute the war with vigour and efficiency. But at every stage these measures have received the overwhelming support of the Canadian people.

Canada's population numbers eleven and a half millions. Three-quarters of a million of our finest young men are serving in the armed forces. This military demand on our manpower resources has not prevented our country from doubling its pre-war production. Thanks to the skill and devotion of our men and women, Canada is a granary, an arsenal, an aerodrome, and a shipyard of freedom. Our country has become increasingly proud of the fact that every fighting man from Canada serving across the seas, on the seas and in the air is a volunteer. We can say, in very truth, that our effort in this war is a voluntary effort.

An Immediate Effort

Canada's decision to enter the war was an immediate decision. When, in 1939, the last hopes of peace were fading from the world, I announced that, if Britain took up arms in the defence of freedom, our government would ask Parliament to place Canada at Britain's side. When war came, there was no hesitation. As soon as Parliament could act, Canada was at war.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

In those days few if any of our people believed our country stood in immediate danger of attack. What we sensed immediately was the issue. We saw that a bitter struggle had begun between freedom and domination and that the conflict would certainly spread. For the second time in a generation Canada went to war to help prevent tyranny in Germany from extending its domination to other parts of the globe.

When the last war ended the people of Canada, like other freedom-loving peoples, hoped and believed that peace and freedom had been assured to mankind for generations. In our National War Memorial, that hope and that faith were symbolized by inseparably joined figures of peace and freedom. But all our history, all our political experience told us that freedom in Canada could not survive in a world that was no longer free.

An All-out Effort

From the beginning, our war effort was so planned and organized that we might reach, as rapidly as possible, the maximum effort our people could sustain during a long war.

We expanded our Navy as fast as we could build or acquire the ships and train the men. We expanded our Army to the highest strength we believed we could maintain in a long war. We expanded our Air Force to the limit of our capacity to secure the needed equipment and to train personnel.

The British Commonwealth Air Training Plan was expedited and expanded beyond all anticipations. The one hundred thousandth fighting airman has just completed his training. The co-operative training in Canada has vastly increased the joint strength in the air of the United Nations.

We have expanded our war industries far beyond the needs of our own armed forces. Despite the withdrawal of hundreds of thousands of men from the farms, the fisheries, the mines and the forests, we have greatly enlarged our production of foodstuffs and raw materials. We are devoting about half our total production directly to the waging of war. We are paying about half the financial

cost of our war effort out of current revenue from taxation. Through victory loans and war savings, nearly every family is helping to finance the war.

In fighting men, in weapons and munitions, in food and in finance, we are seeking as a people to make our utmost contribution to the fight for world freedom. Our objective has been a total effort for total war, and we believe that objective is being attained.

A Pioneering Effort

Of the nations of the western hemisphere, Canada was the first to defend in arms the frontiers of the freedom of the new world. For more than two years our country, alone in the Americas, was at war. In more ways than one our effort has been a pioneering effort.

A Co-operative Effort

Canada's contribution to the present war has been the greater because we live side by side with the United States. Without the harmony and reciprocity which exist between our two countries neither could have achieved so much in the common cause. The ability of both Canada and the United States to defend the North American continent and to fight abroad, has been greatly increased by our arrangements for joint defence and by the pooling of resources.

We have sought to make our war effort, wherever possible, a co-operative effort. The extensive military works undertaken in Canada in conjunction with the United States have provided a remarkable instance of close and friendly co-operation. Ours is surely the supreme example of a smaller nation living in the fullest security and harmony side by side with a very powerful one.

As a part of our war policy, Canada is sharing, with other of the United Nations, ships, machines, weapons and other supplies which, as I have said, we are producing far in excess of the needs of our own armed forces. Since the war began we have supplied to Britain, and to Britain's armed forces, war materials and other supplies worth nearly nine hundred million pounds ($4,000,000,000). Almost half of these supplies represent an outright contribution. Under our system of mutual aid, war materials have, for the past year, been

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222820

supplied without payment to the United Nations, in accordance with strategic need. Canada is now supplying mutual aid to Britain, Australia, the Soviet Union, China and the French Committee of National Liberation.

A World-wide Effort

As the war has progressed, our effort has become more and more a world-wide effort. Canadian-made machines and munitions of war have been used on all the fighting fronts. Canadian 'sailors and merchant seamen have served on all oceans. Our airmen have fought in the battle of the skies around the globe. From the early days of the war our soldiers have helped to guard this island. They have seen active service in the Pacific area, as well as at Dieppe, and in the Italian campaign. To-day our army awaits the word of command to join with their comrades in the liberation of Europe. The morrow will witness Canadian forces taking part in a final assault upon Japan. Canada's effort has truly become a world-wide effort.

An Enduring Effort

I need scarcely say that we are in this war to the end. Canada's fight for freedom will be a fight to the finish. It is clear to our people that this war is all one war: a monstrous conspiracy of the fascist powers to dominate and enslave the world. Having taken up arms of their own free will, the Canadian people will not relax until freedom is secure. Canada's effort will be an enduring effort.

A Long-range Effort

We have also sought to look beyond the war; to make our effort a long-range effort. The Canadian pepole, no less than the people of Britain, whose sacrifices have been so great, need the promise of a brighter future. To sustain us in our endeavours, we all need the vision of a new world order.

By co-ordinated action, by mutual aid, by continuous co-operation, the United Nations are achieving military victory. The widest measure of co-operation will be no less needed in the making and keeping of peace. While our primary aim, like yours, is military victory, our ultimate aim, like yours, is a better future for mankind.

C222821

A National Effort

Above all, our war effort must be viewed as a national effort. Our decision in 1939 was more than the free choice of a free parliament. It was the most solemn act of a free nation. Our war effort appeals to our national pride. We have sought to make it worthy of Canada.

Identity of Effort Throughout the Commonwealth

I have spoken of the war effort of Canada. May I hasten to say again that a like spirit has animated the war efforts of each of the other nations of the Commonwealth. With due allowance for varying conditions, the several aspects of Canada's war effort have been paralleled in Australia, New Zealand and South Africa. When war came four nations, all of them thousands of miles from the scene of the conflict, ranged themselves at the side of Britain. To each the issue was plain; from each the response was immediate. Each is seeking to put forth the utmost effort. The contributions of all bear the imprint of the initiative and self-reliance of the pioneer. Co-operation has marked their course throughout. Each is making a long-range effort which will prove to be an enduring effort. It is the pride of each that its war effort has been a national effort.

The Spirit of Freedom

Nor have we far to seek to discover the cause of this identity of effort. The spirit of a nation is not readily defined. It is known only as it is revealed. It resembles the flow of waters hidden beneath the earth's surface. From time to time and from place to place the waters having their origin in some secret source reveal themselves as springs, or streams, or rivers. So also, from time to time, a nation's spirit wells up from its source and manifests itself in the collective acts of a people. Such collective action is quickened and heightened at a time of war.

The war efforts of the nations of the Commonwealth owe their inspiration to a common source. That source is the love of freedom and the sense of justice which, through generations, have been nurtured and cherished in Britain as nowhere else in the world.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

The terrible events of 1940 revealed how great was the menace to freedom and how suddenly freedom might be lost. So long as freedom endures, free men everywhere will owe to the people of Britain a debt they can never repay. So long as Britain continues to maintain the spirit of freedom and to defend the freedom of other nations, she need never doubt her own preeminence throughout the world. So long as we all share that spirit, we need never fear for the strength or unity of the Commonwealth. The voluntary decisions by Britain, by Canada, by Australia, by New Zealand, and by South Africa are a supreme evidence of the unifying force of freedom.

The Strength and Unity of the British Commonwealth

This common effort springing from a common source has given a new strength and unity, a new meaning and significance to the British Commonwealth and Empire.

Without attempting to distinguish between the terms "British Empire" and "British Commonwealth", but looking rather to the evolution of this association of free nations, may I give to you what I believe to be the secret of its strength and of its unity, and the vision which I cherish of its future. "We . . . who look forward to larger brotherhoods and more exact standards of social justice, value and cherish the British Empire because it represents, more than any other similar organization has ever represented, the peaceful co-operation of all sorts of men in all sorts of countries, and because we think it is, in that respect at least, a model of what we hope the whole world will some day become."

This vision, I need scarcely say, is not mine alone; indeed, the words in which I have sought to portray it are not even my own. They were spoken thirty-seven years ago by one whose fame to-day is not surpassed in any part of the world if, indeed, it has been equalled at any time in the world's history. They are the words of the present Prime Minister of Britain, uttered by Mr. Churchill in 1907. As they continue to reverberate down the years, they bring fresh inspiration to all who owe allegiance to the Crown and increasing hope to mankind.

Visions of youth, sometimes, "die away,
And fade into the light of common day."

They fade not because the vision is ever wholly lost, but because resolution wavers, because determination fails, because of seemingly insuperable obstacles. It has not been so with Mr. Churchill. He has not to ask

"Whither is fled the visionary gleam?
Where is it now, the glory and the dream?"

The glory and the dream—are they not being realized, at this very hour, in the strength and unity of the nations of the Commonwealth?

Means of Consultation and Co-operation

From time to time it is suggested that we should seek new methods of communication and consultation.

I believe very strongly in close consultation, close co-operation, and effective co-ordination of policies. What more effective means of co-operation could have been found than those which, despite all the handicaps of war, have worked with such complete success?

It is true we have not, sitting in London continuously, a visible Imperial War Cabinet or Council. But we have, what is much more important, though invisible, a continuing conference of the Cabinets of the Commonwealth. It is a conference of Cabinets which deals, from day to day and, not infrequently, from hour to hour, with policies of common concern.

When decisions are taken they are not the decisions of Prime Ministers or other individual Ministers, meeting apart from their own colleagues and away from their own countries. They are decisions reached after mature consideration by all members of the Cabinet of each country, with a full consciousness of their immediate responsibility to their respective Parliaments.

Let us, by all means, seek to improve where we can. But in considering new methods of organization we cannot be too careful to see that, to our own peoples, the new methods will not appear as an attempt to limit their freedom of decision or, to peoples outside

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

the Commonwealth, as an attempt to establish a separate bloc. Let us beware lest in changing the form we lose the substance; or, for appearance's sake, sacrifice reality. I am told that, somewhere, over the grave of one who did not know when he was well off, there is the following epitaph: "I was well; I wanted to be better; and here I am."

The Hope of the Future

In the passage I quoted from Mr. Churchill a moment ago I gave only a part of what he said. He set forth, as well, the means of realizing his vision of peaceful co-operation. "Let us," he said, " . . . seek to impress, year after year, upon the British Empire, an *inclusive* and not an *exclusive* character."

Like the nations of which it is composed, the British Commonwealth has within itself a spirit which is not exclusive, but the opposite of exclusive. Therein lies its strength. That spirit expresses itself in co-operation. Therein lies the secret of its unity. Co-operation is capable of indefinite expansion. Therein lies the hope of the future.

Commonwealth and World Co-operation

It is of the utmost importance to the Commonwealth that there should continue to be the greatest possible co-operation among its members. In like manner it is, I believe, of the utmost importance to the future of mankind that, after the war, there should be the greatest possible co-operation among the nations of the world.

Our wartime co-operation is not the product of formal institutional unity; it is the result of agreement upon policies of benefit to all. Moreover, they are policies that make an appeal "to all sorts of men in all sorts of countries," provided only they are men of good will.

If, at the close of hostilities, the strength and unity of the Commonwealth are to be maintained, those ends will be achieved not by policies which are exclusive, but by policies which can be shared with other nations. I am firmly convinced that the way to maintain our unity is to base that unity upon principles which can be extended to all nations. I am equally sure that the only way to maintain world unity is to base it upon principles that can be universally applied.

The war has surely convinced all nations, from the smallest to the greatest, that there is no national security to be found in the isolation of any nation or group of nations. The future security of peace-loving nations will depend upon the extent and effectiveness of international co-operation.

It is no less true that it is not the great powers only that are needed to defend, to preserve, and to extend freedom. We should be false to the freedom for which we are fighting if, at any time, we failed to remember that no nation liveth unto itself; and that nations, great and small, are members one of another.

Prosperity like Security, Indivisible

It is not merely the security of nations that is indivisible. Their prosperity also is indivisible. Few would wish to return to the years before the war, when almost every nation sought economic security in economic isolation from its neighbours. What happened was that the economic security of all nations was destroyed. Now is surely the time for the whole world to realize that, just as no nation of itself can ensure its own safety, so no nation or group of nations can in isolation ensure its own prosperity.

For my part, I profoundly believe that both the security and the welfare of the nations of the British Commonwealth and, in large measure, the security and welfare of all peace-loving nations will depend on the capacity of the nations of the Commonwealth to give leadership in the pursuit of policies which, in character, are not exclusive but inclusive. How far such policies can be successfully pursued will, of course, depend on the extent to which other nations are prepared to pursue similar policies. But let us, at least, wherever that is possible, give the lead that is in the interests of the world as a whole.

Canada and the United States

You, Prime Minister, have referred to the importance of strengthening the fraternal association that now exists between the British Commonwealth and the United States.

Over many years Canada's relations with the United States have been especially friendly. Throughout the war, we have followed the

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

path of co-operation. We like to think that our country has had some part in bringing about a harmony of sentiment between the United States and the whole British Commonwealth. That harmony is the foundation of the close military collaboration which is proving so fruitful in this war.

It will ever be a prime object of Canadian policy to work for the maintenance of the fraternal association of the British and American peoples. When peace comes it is our highest hope that the peoples of the British Commonwealth and the United States will continue to march at each other's side, united more closely than ever. But we equally hope that they will march in a larger company, in which all the nations united to-day in defence of freedom will remain united in the service of mankind.

The Supreme Crisis

We are approaching, in the European theatre, the supreme crisis of this long and terrible struggle. In this fateful hour it is imperative that everything be done to maintain single-minded concentration on the achievement of victory. That is our first obligation. It is our duty to the humble people in all the Allied countries whose patient endurance, unremitting toil and ready acceptance of the burdens of war have made possible the immense strength in war materials and supplies of the United Nations. It is our duty, above all, to the millions of fighting men who, with their lives, are defending our freedom and the freedom of mankind.

The assurance of unfailing support to our sailors, soldiers and airmen is the supreme objective of the present meetings of Prime Ministers. We have met here, first and foremost, in order to do everything possible, by co-operation and by united action, to assure that support in largest possible measure on all the fighting fronts.

The present war is different from any war in the past. It is different in scale. In any accurate geographical sense, it is the first world war in history. It is a war that is being fought not only on land and at sea but also in the clouds, miles above the surface of the earth. It is, moreover, a war that is not confined to the material realm. It is a struggle for the control of men's minds and men's souls. Its outcome will shape the moral destiny of the world.

The support of our fighting men and our debt to all who are near and dear to them must extend beyond the theatres of war. It must look beyond the end of hostilities. We owe it to all who bear the heat of the strife; we owe it to those who are crippled and maimed; we owe it to the many homes that are bereaved; we owe it to the memory of those who give their lives; to do all in our power to ensure that their service and their sacrifice shall not have been in vain.

A More Abundant Life

In the past, the sacrifice of human life in war has been commemorated in monuments of stone or bronze. After this war we must create a more fitting memorial. That, I believe, will be found only in securing for others the opportunities of a more abundant life. Already we of the British Commonwealth and Empire are a community of many nations, of many races and of many tongues. Already we have advanced far in the art of responsible government, in the practice of international co-operation, and in the application of the principle of mutual aid. Surely it is ours to help fashion a new world order in which social security and human welfare will become a part of the inheritance of mankind.

The war has been none of our making. We sought, above all else, the promotion of peace, of understanding and of good-will. We deplored the extension of war to all parts of the world. Yet in the perspective of Time this world-encircling danger may prove to have been a blessing in disguise. Only in this way, perhaps, could other nations as well as our own, have come to see that the interests of Mankind are one and that the claims of Humanity are supreme.

Our first duty is to win the war. But to win the war, we must keep the vision of a better future. We must never cease to strive for its fulfilment. No lesser vision will suffice to gain the victory over those who seek world domination and human enslavement. No lesser vision will enable us fittingly to honour the memory of the men and women who are giving their all for freedom and justice.

In the realization of this vision, the governments and peoples who owe a common allegiance to the Crown may well find the new

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

meaning and significance of the British Commonwealth and Empire. It is for us to make of our association of free British nations "a model of what we hope the whole world will some day become."

Mr. Churchill:

My Lords and gentlemen, I call upon the Lord Chancellor to propose a vote of thanks to our honoured guest.

The Lord Chancellor (Right Hon. Viscount Simon):

My Lords and Members of the House of Commons:

Mr. Speaker and I have been asked to express in a few sentences the gratitude which we both feel to the Prime Minister of Canada for his presence and speech. The demonstration which followed the close of his address shows that, indeed, no long argument is needed. We are very grateful to Mr. Mackenzie King for saying, with so much eloquence and vigour, many wise and stimulating and hopeful things. I think we are especially grateful to him for the account which he gave—the brilliant account which he gave—both of the spirit of Canada and of the truly stupendous contribution which that Dominion is making to the common effort. I think Mr. Speaker will join with me if I venture to say to Mr. Mackenzie King, on behalf of this great company, that we do most sincerely express our admiration for all the efforts which this great Dominion is making, and we rejoice to think that we have amongst us the leader of that great people.

It wasn't so many years ago that, when any of us brought visitors into this part of the Palace of Westminster, we were considerably puzzled how to reply to the question, "What is this room for?" The most hopeful answer, I think, was that this large and splendid hall was built in order to find room for two quite enormous pictures which otherwise couldn't be accommodated. That was an injustice to the architect who designed this great hall one hundred years ago. He must have anticipated what would happen. For, thanks now to the way in which Mr. Mackenzie King can leave his country one evening and arrive here the next morning, and other astonishing excursions by other Dominion Premiers, this great hall, lying as it were between

the House of Commons and the House of Lords, has become on great occasions such as these a piece of common ground where Members of the two Houses may safely meet and where they can listen to an address without any breach of the ancient and precisely preserved privileges of either Chamber.

We are greatly rejoiced that Mr. Mackenzie King has now been added to the list of those who have thus addressed us. And with all our hearts we thank him for his speech, and wish to express to him in the warmest terms our feeling that that speech and the spirit behind it are all contributing to the unity and the comradeship of the British Empire, which is the surest guarantee of ultimate victory and the best hope of a peaceful world in the future.

Mr. Churchill:

My Lords and gentlemen: It has been my experience over a great many years to await the call of Mr. Speaker, and I am now fully conscious that the tables are turned, and I mean to avail myself of this advantage to the full.

Mr. Speaker (Col. the Right Hon. D. Clifton Brown):

On this occasion, although it may be slightly out of order, I am pleased indeed to obey the call of the Prime Minister.

Now I second this vote of thanks to Mr. Mackenzie King with great warmth indeed. I am only going to utter two sentences to you. In one I want to echo the warm appreciation we have of all that our fellow Britishers have done in the Dominion of Canada, under the leadership of Mr. Mackenzie King. We stand lost in admiration of the effort which they have put forward in this war. That's my first sentence. My second is this: That I believe Canada is building up something even greater than action in this war. I speak now, if I may, for Members of the House of Commons, and I believe for the Members of the House of Lords too,—we are lost in admiration, it has struck our imagination, the Air Training scheme which Canada has set up. Therein you have the cream of all young men, not merely from Canada but from all the rest of the Dominions and from the free nations of the world, meeting together, training

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

meaning and significance of the British Commonwealth and Empire. It is for us to make of our association of free British nations "a model of what we hope the whole world will some day become."

Mr. Churchill:

My Lords and gentlemen, I call upon the Lord Chancellor to propose a vote of thanks to our honoured guest.

The Lord Chancellor (Right Hon. Viscount Simon):

My Lords and Members of the House of Commons:

Mr. Speaker and I have been asked to express in a few sentences the gratitude which we both feel to the Prime Minister of Canada for his presence and speech. The demonstration which followed the close of his address shows that, indeed, no long argument is needed. We are very grateful to Mr. Mackenzie King for saying, with so much eloquence and vigour, many wise and stimulating and hopeful things. I think we are especially grateful to him for the account which he gave—the brilliant account which he gave—both of the spirit of Canada and of the truly stupendous contribution which that Dominion is making to the common effort. I think Mr. Speaker will join with me if I venture to say to Mr. Mackenzie King, on behalf of this great company, that we do most sincerely express our admiration for all the efforts which this great Dominion is making, and we rejoice to think that we have amongst us the leader of that great people.

It wasn't so many years ago that, when any of us brought visitors into this part of the Palace of Westminster, we were considerably puzzled how to reply to the question, "What is this room for?" The most hopeful answer, I think, was that this large and splendid hall was built in order to find room for two quite enormous pictures which otherwise couldn't be accommodated. That was an injustice to the architect who designed this great hall one hundred years ago. He must have anticipated what would happen. For, thanks now to the way in which Mr. Mackenzie King can leave his country one evening and arrive here the next morning, and other astonishing excursions by other Dominion Premiers, this great hall, lying as it were between

the House of Commons and the House of Lords, has become on great occasions such as these a piece of common ground where Members of the two Houses may safely meet and where they can listen to an address without any breach of the ancient and precisely preserved privileges of either Chamber.

We are greatly rejoiced that Mr. Mackenzie King has now been added to the list of those who have thus addressed us. And with all our hearts we thank him for his speech, and wish to express to him in the warmest terms our feeling that, that speech and the spirit behind it are all contributing to the unity and the comradeship of the British Empire, which is the surest guarantee of ultimate victory and the best hope of a peaceful world in the future.

Mr. Churchill:

My Lords and gentlemen: It has been my experience over a great many years to await the call of Mr. Speaker, and I am now fully conscious that the tables are turned, and I mean to avail myself of this advantage to the full.

Mr. Speaker (Col. the Right Hon. D. Clifton Brown):

On this occasion, although it may be slightly out of order, I am pleased indeed to obey the call of the Prime Minister.

Now I second this vote of thanks to Mr. Mackenzie King with great warmth indeed. I am only going to utter two sentences to you. In one I want to echo the warm appreciation we have of all that our fellow Britishers have done in the Dominion of Canada, under the leadership of Mr. Mackenzie King. We stand lost in admiration of the effort which they have put forward in this war. That's my first sentence. My second is this: That I believe Canada is building up something even greater than action in this war. I speak now, if I may, for Members of the House of Commons, and I believe for the Members of the House of Lords too,—we are lost in admiration, it has struck our imagination, the Air Training scheme which Canada has set up. Therein you have the cream of all young men, not merely from Canada but from all the rest of the Dominions and from the free nations of the world, meeting together, training

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

together, forming bonds and links which I think the Prime Minister of New Zealand described the other day as "invisible, yet stronger than steel." Those, I believe, are the links which are going to bind our Empire together in the future—of incalculable strength and incalculable value to the British Empire.

For all that work the Canadians and Mr. Mackenzie King are doing on our behalf, I thank him most warmly and for the speech which he has given to us, which I beg to second.

Mr. Churchill:

All in favour of the vote of thanks to Mr. Mackenzie King, say Aye.

Aye!

Mr. Mackenzie King:

Lord Chancellor, Mr. Speaker:

I thank you warmly for the exceedingly kind words which you have just spoken. May I thank you again, Prime Minister, for words that touched my heart very deeply, and which I believe will meet with warm response in the heart of Canada.

I again thank the Members of the House of Lords and the Members of the House of Commons for their great courtesy in being present this afternoon in such numbers. May I thank you especially for the "Aye" which I heard when the Prime Minister put the resolution to this gathering. "Ayes" are always pleasant to the ears of Government.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Greek

C222830

C222831

AMENDED DISTRIBUTION (16th May, 1944)

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[Cypher] WAR CABINET DISTRIBUTION.

FROM BEIRUT TO FOREIGN OFFICE.

Sir E. Spears.
No.269. D. 9.48 a.m. GMT 11th May, 1944.
10th May, 1944. R.12.40 p.m. DST 11th May, 1944.

Repeated to M.E. Min.
Resmin Med.

c c c

IMMEDIATE.

Following from Ambassador to Greece telegram No.1.

[Begins]

My telegram No.305.

I spent this morning at village in the Lebanese mountains 30 miles from Beirut where the Greek delegates for the conference have now assembled. There I met the Greek Prime Minister, the delegates from E.A.M. and its sister organisations and the delegates from Cairo. The party from Athens arrived after I had left. The atmosphere seemed very cordial in these genial surroundings.

2. M. Papandreou said he had had a discussion last night with M. Svolos and his colleagues from the Political Committee during which he had been well supported by M. Venizelos and others who had come from Cairo. His object had been to impress upon them the fact that the mutineers had acted in the name of the Political Committee, that they had done the Greek cause great harm in the eyes of the world and that M. Svolos and his friends therefore must recognise these facts and accept their responsibilities. M. Svolos said his committee had had nothing to do with the mutinies and that he was horrified to hear what had happened.

M. Papandreou said that he intended to devote to-day to informal discussions, opening the conference properly tomorrow. He would, after his opening speech which would deal with the recent Greek situation in the Middle East and with the objects of the conference, call on E.A.M. to speak. He hoped to devote the first day's proceedings to a condemnation of the mutinies in Egypt and of the civil war in Greece and he would invite E.A.M. to join in these declarations. This would clear the decks for the more constructive side of the conference. He was not without hopes that even if a full agreement were not reached, he might drive a wedge between the more moderate members of the Political Committee and the Communists.

....4.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Vatican

C222833

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[The text of this telegram must first be paraphrased if communicated to persons outside British or United States Government service or if retransmitted in a cypher system other than O.T.P.]

[CYPHER]

WAR CABINET DISTRIBUTION

FROM HOLY SEE TO FOREIGN OFFICE

Sir D. Osborne
No. 325

10th May 1944

D. 2.00 p.m. 11th May 1944
R 11.30 p.m. 11th May 1944

n n n

Your telegram No. 157.

I will try to restrain the Vatican and to explain your point of view. But I fear it will be badly received. Among the counter-arguments I should expect are that the Pope is the Primate of Italy and that he is therefore justifiably concerned in and reliably informed of the sufferings of the Italian people; further that in his rôle of the universal dispensor of charity he cannot reject the pleas of his Bishop [group undec.]; that his sole motive is to save the people unconcerned in the war from unmerited [group undec.] suffering, that the Italian Government capitulated and the Italian people is now accepted as co-belligerent; that the Vatican should not be blamed if it brings to our notice cases in which it believes that aerial attacks have been made without military justification; and that it should rather be applauded for enabling us to vindicate ourselves if we have been unjustly accused.

2. Please repeat to Washington.

[Repeated to Washington No. 4161].

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Greek

C222831

AMENDED DISTRIBUTION (16th May, 1944)

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[Cypher] WAR CABINET DISTRIBUTION.

FROM BEIRUT TO FOREIGN OFFICE.

Sir E. Spears.
No.269. D. 9.48 a.m. GMT 11th May, 1944.
10th May, 1944. R.12.40 p.m. DST 11th May, 1944.

Repeated to M.E. Min.
Resmin Med.

C C C

IMMEDIATE.

Following from Ambassador to Greece telegram No.1.

[Begins]

My telegram No.305.

I spent this morning at village in the Lebanese mountains 30 miles from Beirut where the Greek delegates for the conference have now assembled. There I met the Greek Prime Minister, the delegates from E.A.M. and its sister organisations and the delegates from Cairo. The party from Athens arrived after I had left. The atmosphere seemed very cordial in these genial surroundings.

2. M. Papandreou said he had had a discussion last night with M. Svolos and his colleagues from the Political Committee during which he had been well supported by M. Venizelos and others who had come from Cairo. His object had been to impress upon them the fact that the mutineers had acted in the name of the Political Committee, that they had done the Greek cause great harm in the eyes of the world and that M. Svolos and his friends therefore must recognise these facts and accept their responsibilities. M. Svolos said his committee had had nothing to do with the mutinies and that he was horrified to hear what had happened.

M. Papandreou said that he intended to devote to-day to informal discussions, opening the conference properly tomorrow. He would, after his opening speech which would deal with the recent Greek situation in the Middle East and with the objects of the conference, call on E.A.M. to speak. He hoped to devote the first day's proceedings to a condemnation of the mutinies in Egypt and of the civil war in Greece and he would invite E.A.M. to join in these declarations. This would clear the decks for the more constructive side of the conference. He was not without hopes that even if a full agreement were not reached, he might drive a wedge between the more moderate members of the Political Committee and the Communists.

....4.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

4. I also had a long conversation with M. Svolos at his request. He is a mild pleasant-spoken professor willing to admit that he is new to practical political life. His case was that the Communists of whom he was not one, were pro-British like all other parties in Greece, that they sincerely desired unity and were not attempting to seize power for themselves. Did I not regard the inclusion of a majority of non-communists in the Political Committee as a proof of this?

5. I replied I had received too much information of a much less pleasant character to be able to accept this rosy picture of E.A.M.'s actions and ambitions in Greece. It would be for the members of the conference to establish the facts and agree upon a solution. As far as His Majesty's Government were concerned they had but one desire, viz, that the Greeks of all parties should achieve the widest measure of unity against the enemy in association with their Allies and leave their internal differences to be settled after liberation. We had been profoundly shocked by the Civil War in Greece and by the mutinies in Egypt, and I hoped that he, M. Svolos, would take a lead at this conference in disassociating himself and his colleagues from recent events both in and outside Greece.

6. I reminded M. Svolos in conclusion that we were on the eve of critical events in the War when the Allies must all keep close together. This was not the moment for internal differences among the Greeks nor, I added for Greeks of any party to try to play off their Russian ally against their British. If my strictures against [group undec. ?Communist] party in Greece were unjust they were based upon their own propaganda. A government of National Unity would become a reality if a new beginning were made not only on paper but in a concrete sincere collaboration. M. Svolos assured me that this was indeed the end for which he was working.

This conversation which was initiated by M. Svolos may have done some good but I am told that he has a weak character and that the Communists will pull the strings.

OTP

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Vatican

C222833

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[The text of this telegram must first be paraphrased if communicated to persons outside British or United States Government service or if retransmitted in a cypher system other than O.T.P.]

[CYPHER]

WAR CABINET DISTRIBUTION

FROM HOLY SEE TO FOREIGN OFFICE

Sir D. Osborne
No. 325

D. 2.00 p.m. 11th May 1944
10th May 1944 R 11.30 p.m. 11th May 1944

n n n

Your telegram No. 157.

I will try to restrain the Vatican and to explain your point of view. But I fear it will be badly received. Among the counter-arguments I should expect are that the Pope is the Primate of Italy and that he is therefore justifiably concerned in and reliably informed of the sufferings of the Italian people; further that in his rôle of the universal dispensor of charity he cannot reject the pleas of his Bishop [group undec.]; that his sole motive is to save the people unconcerned in the war from unmerited [group undec.] suffering, that the Italian Government capitulated and the Italian people is now accepted as co-belligerent; that the Vatican should not be blamed if it brings to our notice cases in which it believes that aerial attacks have been made without military justification; and that it should rather be applauded for enabling us to vindicate ourselves if we have been unjustly accused.

2. Please repeat to Washington.

[Repeated to Washington No. 4161].

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

France

C222824

AMENDED DISTRIBUTION (13/5/44)

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

[CYPHER]

WAR CABINET DISTRIBUTION

FROM ALGIERS (AMBASSADOR) TO FOREIGN OFFICE

Mr. Duff Cooper
No. 548 D. 2.45 p.m. 11th May, 1944
10th May, 1944 R. 7.40 a.m. 12th May, 1944

g g g g g g

Your telegram No. 445.

In his speech in the assembly on May 10th d'Astier again referred rather solemnly to the grave consequences that might arise in the Resistance Movement owing to the interference with communications. I am not telling him as suggested in paragraph 3 of your telegram that his remarks have produced a painful impression as that is probably exactly what they were meant to produce.

2. I avoid discussing the question so far as possible for I cannot tell the French the truth which is that they are notoriously most unreliable in all matters of secrecy and that we shall tell them as little as possible and give them as little chance as possible of repeating what they know. Meanwhile I can only recommend patience.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on.]

[CYPHER]

WAR CABINET DISTRIBUTION

FROM MADRID TO FOREIGN OFFICE

Mr. Yencken.
No. 735.
10th May, 1944.

D. 11.43 a.m. GMT 11th May, 1944.
R. 2.20 p.m. DBST 11th May, 1944.

V V V

IMPORTANT

At the seventh meeting of the Technical Committee held May 3rd, minutes following by bag, Allied representatives pressed very strongly for sweeping measures to defeat German plans to smuggle wolfram.

2. They point out the heavy German buying during April and consignment to Irun could only be for one purpose and Spaniards were pressed:

(a) to [grp. undec] "Guia" system to prevent movement from the mining area.

(b) to seal German source of raw materials,

(c) to take inventories of all contents and

(d) to confiscate any mineral found in unregistered warehouses.

3. Spanish representatives showed their determination to have the agreement carried out properly and the Ministry of Foreign Affairs was consulted about the proposed measures; during the meeting the Minister for Foreign Affairs gave orders to summon a conference of departments likely to [?grp. omitted ? be] affected so that he could explain the Spanish Government's intentions. He has written personally to the Ministers concerned.

4. Financial Adviser has since learned semi-officially the Generals' [grp. undec] presented a memorandum to Franco last Saturday in which he asked for full powers over the departments concerned to enable him to put the measures recommended into practice. The memorandum was very strongly worded and excellent in all respects. It has not been confirmed whether he was granted the powers he asked for but he addressed the departmental conference on May 9th. This confirms our earlier impressions that energetic measures are being taken to see that agreement in regard to wolfram is carried out.

Please repeat to Washington as my telegram No. 96.

[Repeated to Washington as telegram No. 4121.]

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Czechoslovakia

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

C222836

[EN CLAIR] POLITICAL DISTRIBUTION

FROM MOSCOW TO FOREIGN OFFICE.

Sir A. Clark Kerr
No. 1228
10th May, 1944

D. 2.25 p.m. 11th May, 1944
R. 8.05 p.m. 11th May, 1944

kkkkk

Moscow newspapers May 9th publish text of the Soviet-Czechoslovak agreement covering relations between the Soviet Command and the Czechoslovak administration at the entry of Soviet troops into Czechoslovakia.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

U.S.S.R

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

C222837

[EN CLAIR]

POLITICAL DISTRIBUTION.

FROM MOSCOW TO FOREIGN OFFICE.

Sir A. Clark Kerr.
No. 1229.
10th May, 1944.

D. 7.40 p.m. 11th May, 1944.
R. 7.50 a.m. 12th May, 1944.

ZZZ ZZZ ZZZ

Moscow newspapers May 9th publish Tass message from New York quoting from Article in newspaper P. M. Entitled "Polish Government meddles in United States policy" describing activities of Polish information centre in New York which has been spending large sums on propaganda with the object of defeating the President at coming elections unless he renounced Tehran agreement and supported Polish Government against Soviet Union.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

C222838

AMENDED DISTRIBUTION

(12th May, 1944)

[CYPHER] POLITICAL DISTRIBUTION

FROM WASHINGTON TO FOREIGN OFFICE

Viscount Halifax
No. 2455.
10th May, 1944.

D. 4.06 a.m 11th May, 1944.
R. 1.00 p.m. 11th May, 1944.

[ ] [ ] [ ]

My telegram No. 2430.

I should have added that Campbell told Hoppenot it would surely be greatest pity and a signal error on the part of French Committee of National Liberation if because of the interruption of communications they threw away the advance gained through the statement you had made based on Hull's speech and failed to take advantage of discussions on a practical military basis between Eisenhower and Koenig. H. said that inability to communicate in French cypher did make these discussions difficult. He added from the general point of view that a friendly word "said with a smile" from His Majesty's Government and the United States Government would be helpful. The lack of this had hurt.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Wheat

[The text of this telegram must first be paraphrased if communicated to persons outside British or United States Government service or if retransmitted in a cypher system other than O.T.P.]

C222839

[CYPHER] SPECIAL (FOOD CONFERENCE)

FROM WASHINGTON TO FOREIGN OFFICE

Viscount Halifax D. 3.33 a.m. 11th May, 1944
No. 2458

10th May, 1944 R. 1.25 p.m. 11th May, 1944

X X X X

IMMEDIATE

Wheat.

Following from Twentyman.

My telegram No. 2440. May 9th paragraph 4. At resumed discussion, when we were joined by Wheeler, U.S.D.A., and Carr, State Department, Wilson put forward a paper containing six Canadian price proposals. Summary of this paper is in my immediately succeeding telegram.

2. Following comments relate to six Canadian proposals seratim..

Proposal one. United States of America rejected out of hand the proposed minimum price of ninety cents and stated categorically that they would not be able to accept anything below one hundred Canadian cents as a minimum and that they had found great difficulty in accepting anything below one hundred United States of America cents. On the principle of an agreement providing a floor and no ceiling I maintained and elaborated position indicated in paragraph 2 of my telegram No. 2440 and in verbatim notes of council meeting April 27th. Wheeler said that he agreed on broad ground with [sic ? ly] objection in principle to an agreement of this character though he thought he might be able to sell it to the U.S.D.A. if everybody else agreed. I am [grp.undec. ? fairly] confident that neither Appleby nor McCarthy would agree. I commented on this proposal that if the Wheat Council were at this time to tell the world that all they had been able to do in the way of an agreement on price determination was to say that the price should not fall below ninety or one hundred Canadian cents they would become a laughing stock.

Proposal two. Apart from the proviso this proposal is identical with that reported in paragraph six of my telegram

No. 2195.....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

No.2195. I said that under pressure I had reported it to you for instructions but had so far received none - I held out no prospect that you would be prepared to accept this extension of our last proposal. United States of America rejected the proviso as involving them in recognising the existence of a [grp.undec. ? valid] relationship between the United States of America domestic ceiling for food wheat and the Canadian export price. United States of America also said firmly that they could not accept justification (c) at all.

Proposal three. I said that this proposal seemed to me to be the only one offering any prospect of a successful issue to our negotiations but United States of America rejected it.

Proposal four. The United States of America rejected the proposed undertaking by them on the ground that it involved their recognition etc., as in respect of proposal two. I said that we might be prepared to consider an exchange of notes on the lines proposed if the suggested undertaking to give sympathetic consideration could be confined in its application to the price of wheat sold to the United States of America by Canada.

Proposal five. This proposal was first put forward on April 6th, vide paragraph 4 of my telegram No.1800 and verbatim notes of International Wheat Council 6/3, pages 43 et seq. I maintained previous position. I am not altogether sure, however, that an arrangement of this kind might not faute de mieux be preferable to no agreement at all. It is objectionable if considered in the light of Canada's present position in command of unique seller's market but we can fairly presume that they will not be in this position on the cessation of hostilities and that the "last bulk purchase" contemplated in this proposal might well be a freely negotiated purchase. If so there is undoubtedly merit in a proposal to freeze the price of the last bulk purchase for 6 months after the end of hostilities. But I feel strongly that we should not encourage a proposal of this kind at all unless and until we are completely satisfied that agreement is impracticable on the basis of a price range to come into immediate operation.

Proposal six. The United States of America could not agree to this if the last bulk price were to be less than a dollar Canadian and I said firmly that we could not agree to it if it were as much as a dollar Canadian. What in fact it was was not disclosed.

3. The discussion which was amicable and long produced a further tentative Canadian proposal viz. to defer the present discussions for six or nine months in the hope that in the

/meantime

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

meantime the United States importation of Canadian wheat for feed will have been discontinued and that the essential Canadian difficulty will in consequence have been removed.

4. In connexion with proposals 2, 3 and 4 there was produced a draft note by the State Department to the Canadian Embassy which had resulted from the bilateral discussions arranged at the council meeting of April 28th (vide my telegram No.2195) and a draft Canadian reply. It was made clear that these drafts had not been accepted by and would probably be unacceptable to the Canadian Government. The United States of America draft said in effect.

(a) that the price of United States of America produced wheat was regulated by law under a parity formula and reflected the general price level.

(b) that the general price level was not increased, was not increasing and that it was not the intention or policy of the United States of America administration that it should increase. The draft did not contain anything at all about sympathetic consideration but the covering note from the State Department said that although an effort had been made to include in the draft note an undertaking to give sympathetic consideration, etc., as the Canadian Government had requested, it was regretted that it had been found impossible to do so in as much as such an undertaking would have involved the United States Government in recognising a valid relationship between United States of America domestic ceiling price for wheat and Canadian export price.

5. After a long discussion of this particular part of the problem, which is really the root of it, I succeeded in getting the United States of America and Canadian delegates to agree to consider, before a further meeting early next week, whether a solution could be reached on either of the following bases.

(a) an exchange of notes between United States of America and Canada in which the United States would in effect say (1) that they could not recognise a valid relationship between the United States domestic ceiling price for wheat and the Canadian export price. (2) that for the reasons given in the draft note summarised above it is unlikely that the price of commodities governed by the parity formula will increase substantially in the future.

3. But in the contrary event the United States Government would recognise that any considerable rise in the general price level in the United States would constitute reasonable ground for reconsidering the maximum price of any international range now to be agreed in respect of Canadian sales to the United States.

(4) That.....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222842

(4) That in the event of an increase in the United States general price level bringing about a material increase in the present United States domestic ceiling price for corn (maize) the United States Government would be prepared to give sympathetic consideration to a request by the Canadian Government that Canada's price to the United States for wheat should not continue to be restricted to the international maximum.

(b) the insertion in the proposed international agreement of a proviso to the effect that the maximum price of the agreed range should not apply to sales by anyone of the four exporting countries signatory to the wheat agreement [grp.undec.]

6. The second alternative proposal was attractive to the United States representatives in as much as it avoids dealing in terms as a special case with United States and Canada and also because it avoids specific discrimination against Canada by the United States which the State Department representative found very difficult. My impression was that both United States and Canadian representatives were hopeful about reaching agreement on some such lines. If so we shall have achieved success but wanted a lot of time. See paragraph 8 of my telegram No.578 of February 4th. When I put suggestion (b) above to the United States and Canadian delegates at that time they both said with confidence that it was politically quite impossible.

7. The Canadian position is clearly that

(a) they want a guaranteed floor for a long time in the later war and post war periods.

(b) they do not want to be deprived by an international agreement of the prospective benefits under a rising United States price level of their very lucrative abnormal export trade in wheat to the United States so long as that may last. But it would be unreasonable not to recognise that in the event of a major inflationary rise in United States prices Canada would have to increase their export prices to United States, in view of the increased prices that Canada would be paying for imports from United States, the contiguity of the two areas and the inevitable interrelation of their economies.

8. If this can be recognised, in some way confined to the United States and Canada, and provided we are not led into recognising the United States general price level as an appropriate index for the general purposes of an international agreement I should think it wise for us to encourage such an arrangement but I await your guidance and instructions and meantime shall of course not commit you.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222843

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER]

WAR CABINET DISTRIBUTION

FROM TANGIER TO FOREIGN OFFICE NO.173.

MADRID NO.147

TETUAN NO.- SAVING.

Mr. Gascoigne
11th May, 1944.

D. 8.12 p.m. GMT 11th May, 1944.
R.10.55 p.m. DBST 11th May, 1944.

T T T T T

IMMEDIATE.

Head of Spanish Diplomatic Cabinet has just told me that the German Chargé d'Affaires has informed him that he has received orders from Berlin to close the German Consulate but to await further orders before leaving Tangier.

2. I asked Signor Castillo to arrange for flag and shield to be taken down immediately and he is consulting now with General Orgaz and will let me know what is [gp. undec. ? settled] as soon as possible.

3. Germans here have apparently asked that Consulate should not be closed for a few days because they wish to classify their archives and pack up.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Lebanon

C222844

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on.]

[EN CLAIR]

WAR CABINET DISTRIBUTION

FROM ALGIERS (AMBASSADOR) TO FOREIGN OFFICE

Mr. Duff Cooper
No. 10 SAVING
11th May, 1944.

D. 11th May, 1944.
R. 6.15 p.m. 16th May, 1944.

JJJ

Your telegram No. 442.

In an attempt to clear up some of the misunderstandings here in regard to recent conflicting reports from British and French Representatives in Beirut on the subject of the disorders and subsequent developments, the Counsellor called on Meyrier on May 8th to discuss the position. The Counsellor explained the various instructions which had been sent by you to the British representative and the action which according to the latter's reports had been taken, in case General Beynet had failed to furnish the French Committee with a complete account. M. Meyrier expressed satisfaction as regards the instructions. The following points however emerged from the conversation:-

(1) Meyrier said that instructions sent to General Beynet were to protect French and pro-French elements in case of vindictive action by Lebanese authorities. Use of word "retaliation" in my telegram No. 508 was therefore not quite accurate and reaction of General Beynet reported in Beirut telegram No. 255 to you may thus be explained.

(ii) The presence of British representative at Lebanese Cabinet Council before actual outbreak of disorders of April 27th had been reported by General Beynet. Counsellor then explained position to Meyrier as instructed in your telegram No. 442. Latter stated that British representative may not actually have been present but might have been summoned for consultation while Cabinet was sitting. In this connexion references in paragraph 3 of Beirut telegram No. 252 to you were subsequent to disorders.

(iii) Meyrier stated that Commissariat for Foreign Affairs were a little hurt that when Beynet had taken trouble to go and see British representative (see Beirut telegram No. 255 to you) latter had immediately taken him to task on subject of retaliation. It was felt that it might have been more courteous, if British representative had in first place referred to action which he himself had taken to calm feeling (see paragraph 7 of Beirut telegram No. 255 to you). As a matter of fact General Beynet in his report on the conversation had never mentioned points discussed in that paragraph.

(iv) General Beynet reported that, when he had seen Lebanese Prime Minister on subject of written report from Minister of the Interior (see paragraph 3 of Beirut telegram No. 231 to you) Prime Minister was quite unaware that latter had acted in this way, and expressed view that British Minister might have misunderstood verbal remarks of Minister of the Interior. According to Meyrier, Minister of the Interior had either acted without

approval/...

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

approval of Cabinet and in that case was not fit for post or that the British representative had himself put into writing views of Minister of Interior and communicated them to General Beynet. This hardly seemed correct procedure.

(v) M. Meyrier assured Counsellor that instructions from Algiers were only sent to General Beynet who then passed them on to all civil and military authorities under his charge. He considered that General Beynet had full control over all concerned and would not have offered to allow British official to take part in the enquiry, if he felt that he had something to conceal as regards any sinister French intentions (see paragraph 6 of Beirut telegram No. 231 to you). It was quite possible however, that personal opinions had been expressed. This was only in keeping with democratic principles.

2. Meyrier concluded by saying that the British representative in Beirut should intervene as little as possible in Lebanese internal affairs except to encourage restraint on part of Lebanese authorities. If latter realised that French and British were allies fighting the same war, they would possibly behave more prudently.

3. The foregoing discussion may be useful in showing present feelings and state of mind of Commissariat of Foreign Affairs and extent to which all our activities in Lebanon are viewed with suspicion.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Salvador

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.] C222846

[The text of this telegram must first be paraphrased if communicated to persons outside British or United States Government service or if retransmitted in a cypher system other than O.T.P.]

[CYPHER]

POLITICAL DISTRIBUTION

FROM SAN SALVADOR TO FOREIGN OFFICE

Mr. Stadler.
No. 64. D. 11.10 a.m. 11th May, 1944.
11th May, 1944. R. 9.00 p.m. 11th May, 1944.

Repeated to Washington,
Mexico,
Guatemala.

v v v

IMPORTANT

My immediately preceding telegram.

Strike is over. Provisional Cabinet now published and includes Dr. Julio Enrique Avila as Minister for Foreign Affairs (cousin of his predecessor) and not Rosales as stated yesterday. All very capable men. Complete list follows by bag.

(Foreign Office please repeat to Ottawa as my No. 9)

[Copies sent to Dominions Office, Cypher Section for repetition to Ottawa.]

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Uruguay

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

C222847

[EN CLAIR]

POLITICAL DISTRIBUTION

FROM MONTEVIDEO TO FOREIGN OFFICE

Mr. Vereker
No. 140 D. 4.33 p.m. 11th May, 1944
11th May, 1944 R. 7.25 a.m. 12th May, 1944

Repeated to Lima and
Washington Saving

g g g g g

Chamber of Representatives in Session yesterday unanimously approved bill raising status of Uruguayan Mission to Great Britain to rank of Embassy and measure now goes to Senate. Minister for Foreign Affairs who was present expressed satisfaction at eloquent tributes, admiration and friendship towards Great Britain voiced by every sector of the Chamber irrespective of party. Extracts from principal speeches will be telegraphed to Ministry of Information.

Bill regarding Uruguayan Embassy Peru was also approved.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222848

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

[CYPHER] WAR CABINET DISTRIBUTION

FROM TANGIER TO FOREIGN OFFICE

M. Gascoigne D. 1.55 p.m. GMT 11th May 1944
No.170

11th May 1944 R. 4.15 p.m. DBST 11th May 1944

Repeated to Madrid No.149
Tetuan saving

Ø Ø Ø

IMMEDIATE

My telegram No.166.

I visited head of Spanish Nationalist Cabinet this morning who told me the following

a) The Germans had now been verbally notified that they must close their Consulate and leave Tangier but no dates had been mentioned. The German Charge d'Affaires' reply was that he must await instructions from Berlin.

b) Japanese Military Attaché had been similarly notified and told that as he was a member of the staff of his Embassy at Madrid he must rejoin his Mission there and not continue to reside away from that capital. Hasebe had asked for this in writing but the Spaniards had replied that as his coming here had not been arranged for in writing they could give him nothing except a verbal notification of departure. Again no dates had been mentioned.

2. General Orgaz had apparently reported to his Government that during [sic] my interview with him on Monday last May 8th, I had gone away extremely content with the state of things. You will understand that this is a lie. I was however as conciliatory and polite as possible and I shall continue to be so when I see him again on May 15th.

OTP

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222849

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] WAR CABINET DISTRIBUTION

FROM TANGIER TO FOREIGN OFFICE

Mr. Gascoigne.
No. 171. D. 2.00 p.m. G.M.T. 11th May, 1944.

11th May, 1944. R. 4.35 p.m. D.B.S.T. 11th May, 1944.

Repeated to Madrid No. 148
Tetuan saving.

IMMEDIATE. *******

Madrid telegrams numbers 733 and 737.

While I note Mr. Yencken's suggestions that we should confer pressure here on the Spanish authorities I feel that I must continue at least to make "enquiries". I should like you to know I have acted and shall continue to act in a most conciliatory manner vis-à-vis Spaniards but I feel that we here must at least show interest in the departure of Germans and the closure of the German Consulate General.

2. Facts revealed in my immediately preceding telegram show that General Orgaz must at least have received some "General" instructions or he would not have taken the action that he has in notifying Germans and Japanese that they must go and that German Consulate General must be closed.

3. My United States colleague will see General Orgaz at the end of this week but his visit (as mine) will only be one of polite enquiry.

(O.T.P)

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222850

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on.]

[CYPHER] WAR CABINET DISTRIBUTION

FROM RIO DE JANEIRO TO FOREIGN OFFICE

Mr. Broadmead.
No. 243.
11th May, 1944.

D: 8.00 p.m. 11th May, 1944.
R: 7.50 a.m. 12th May, 1944.

Repeated to: Washington.

@@@ @@@ @@@

Your telegram No. 217.

I saw the Secretary General this afternoon and left with him a letter for Minister for Foreign Affairs in the sense of your instructions. In the course of conversation I told Secretary General that we were desirous of obtaining complete embargo.

He said Brazilian Ambassador had reported that there was in his opinion no prospect whatever of this and I do not think the Brazilian Government will press the point.

Please repeat to Lisbon.

[Repeated to Lisbon No. 683.]

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222851

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[Cypher]. WAR CABINET DISTRIBUTION

FROM BEIRUT TO FOREIGN OFFICE

Sir E. Spears D. 3.52 p.m. 11th May, 1944.
No. 272
11th May, 1944. R. 7.25 p.m. 11th May, 1944.

Repeated to Ambalg, Saving,
M.E. Min, Saving.

//////

My telegram No. 260.

Replying to a Parliamentary Question on clashes in the Lebanon, the Prime Minister said that the Government's enquiry into events of April 27th was being pursued with complete impartiality and uninfluenced by any rumours. The total number of persons detained was false. Contrary to malicious reports that had been circulated, they were being well and fairly treated.

2. The Prime Minister went on to pay a warm tribute to Beynet, who, he said, had recently given renewed assurances of his determination to implement Catroux's policy and had indeed, ever since his arrival, repeatedly demonstrated the sincerity of his assurances. The Lebanese authorities, for their part, had made known their desire to maintain cordial relations with the French in order to carry on the process of achieving complete independence.

[Copies sent to Mr. Wiltshire and Major Howell].

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222852

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

S E C R E T

COPY NO. 4

MEETING OF PRIME MINISTERS.

The following arrangements as to the remaining meetings were settled at this morning's meeting of Prime Ministers:-

Time	Subject
Friday 12th May - 11.0 a.m.	1. (a) Post-war Employment Plans (b) Migration
p.m.	No meeting.
Monday, 15th May - a.m.	No meeting.
3.0 p.m.	1. Defence Co-operation within the British Commonwealth 2. Consideration of draft Statement.
Tuesday, 16th May - Noon	Closing meeting.

(Signed) E.E. BRIDGES.
J.E. STEPHENSON.

Joint Secretaries

Offices of the War Cabinet,
S.W.1.
11TH MAY, 1944.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

A rejeter

C222853

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on.]

[CYPHER] WAR CABINET DISTRIBUTION

FROM BUENOS AIRES TO FOREIGN OFFICE

Sir D.Kelly.
No. 500.
11th May, 1944.

D. 4.18 p.m. 11th May, 1944.
R. 12.55 a.m. 12th May, 1944.

999999999

IMMEDIATE.

Your telegram No. 330.

There is no Costa Rican Embassy at Buenos Aires but Argentine Consulate General Costa Rica has been closed and the Consul-General who was also Chargé d'Affaires returned on leave and public statement to this effect refers to the Costa Rican Government not having recognised him.

2. Subject to general reservation that there might be at any time change of mind on the part of the Argentine Government or liberal counter revolution inside the army (although there are at the moment no indications of either) I submit the following observations on numbered points in your telegram.

1. General feeling here is that the Brazilian Government have implicitly recognised the Argentine Government and although Brazilian Secretary General apparently thinks otherwise, Brazilian Counsellor will cut ridiculous figure if he relapses into aloof attitude.

2. I do not think the Argentine Government want the Peruvian Ambassador (an ex delegate of Peru) or myself to leave and may be largely for this reason that they have refrained from any open measures to make Mr. Armour's position impossible. Latin American representatives generally have had the impression that their Governments would object to withdrawing them and even European Allied Governments have had the same impression about themselves.

4. I gather that Mr. Armour's fear of embargo on supplies is due to the hints from Latin American colleagues. I personally consider hot heads in and behind the Government might take this risk if they persuade themselves that such action or threat of it would produce rapid change on the part of Mr. Hull and therefore would be of short duration. This was perhaps implied in General Farrell's emphatic warning that the shortage of rubber etc would inevitably result in the drying up of supplies to the United Nations.

3.....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

3. In my telegram No. 499 of yesterday, I referred to the new proposals which Mr. Armour has been discussing with me. In his contemplated proposals, offer of recognition would be associated with promise of substantial concessions urgently needed for supplies to Argentina; on this basis we ought at least to get the Argentine Government to make a public declaration with convincing details of anti-espionage and anti-smuggling campaign, and effective action regarding Axis diplomatists which would save face for the United States Government. I have so far had no success regarding German contracts or anti-Allied newspapers and cannot say whether firm offer of concessions would be effective on these points.

4. You will appreciate my difficulty in offering any constructive suggestions which do not involve some climb-down from the attitude which the United States Government adopted in February without waiting to hear the views of the Brazilian Ambassador (see my telegram No. 192 of February 25th) or myself; faced by Mr. Armour on February 25th with fait accompli and knowing that His Majesty's Government would follow Mr. Hull's lead I could only register my doubts as reported in my telegram just referred to. As on previous occasions the United States authorities concentrated attention on past records of Argentine ministers whilst I have always considered that the real question was how best to handle them.

5. As regards the danger noted in your point 3 which is increased by the personal reaction of Mr. Hull to Mr. Sumner Welles' criticisms, would it not be possible to suggest to the State Department that for once His Majesty's Government should take the initiative so that Mr. Hull could defend himself by saying that he had had to recognise the special position of His Majesty's Government? Although I only suggest this for special case, I do not know why it has always been taken for granted that His Majesty's Government must be the very junior partner in the Argentine triangle since British trade, British investments, and British colonies in Argentina are all vastly more important than those of the United States and we have admittedly always known better how to deal with the Argentines.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Argentina

C222855

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on.]

[The text of this telegram must first be paraphrased if communicated to persons outside British or United States Government service or if retransmitted in a cypher system other than O.T.P.]

[CYPHER] WAR CABINET DISTRIBUTION

FROM BUENOS AIRES TO FOREIGN OFFICE

Sir D. Kelly.
No. 503.
11th May, 1944.

D: 6.53 p.m. 11th May, 1944.
R: 6.35 a.m. 12th May, 1944.

Repeated to: Washington,
Rio de Janeiro,
Santiago, Saving,
Montevideo, Saving.

@@@ @@@ @@@

Widespread interest among Argentines has been aroused by document published by Foreigners Association regarding Argentina as reported from New York by Associated Press. Document says "Argentina is proud of her independence and considers trade negotiations with other Latin-American republics as acts of reverence by vassal states of our country. There is no reason to believe that Mexico or Cuba if they were as free of threats of reprisals as Argentina, would adopt a very different attitude. Moreover Argentina as the richest, most prosperous and most modern of the Latin-American nations and as having the highest proportion of white inhabitants believes her natural mission is to assume direction of affairs of continent." The document refers to Argentine army as "a lion without teeth" owing to lack of materials. It concludes United States difficulties must be removed by arrangement under which Argentina would sell to Great Britain but buy from United States, who in their turn would make compensatory purchases in British markets.

2. United States Ambassador considers the publicity given to these views most unfortunate particularly coming on top of further leakages about the impending purchases of Argentine maize and wheat by the United States.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222856

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] WAR CABINET DISTRIBUTION

FROM BUENOS AIRES TO FOREIGN OFFICE

Sir D. Kelly.
No. 504. D. 7.46 p.m. 11th May, 1944.

11th May, 1944. R. 7.50 a.m. 12th May, 1944.

Repeated to Washington,
Rio de Janeiro,
Santiago Saving,
Montevideo.

****

My telegram No. 500 paragraph 2.

In his reply to General Farrell President Vargas stated as reported in press "please accept my grateful thanks and that of the Brazilian people for your message and for all demonstrations of sympathy of the Government which Your Excellency presides over and of Argentine nation on the death of our Ambassador for whom we grieve".

2. If there is any difference between the use of the above words and the recognition of General Farrell's Government I fail to see it.

(O.T.P)

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

C222857

[CODE (R)]

POLITICAL DISTRIBUTION

FROM ALGIERS (AMBASSADOR) TO FOREIGN OFFICE

Mr. Duff Cooper
No. 550 D. 5.15 p.m. 11th May, 1944
11th May, 1944 R. 6.05 a.m. 12th May, 1944

g g g g g

Trial of Admiral Derrien opened here on May 10th before a military tribunal under presidency of M. Verin assisted by one civilian and three military judges. Prisoner was accused of

(a) having in November and December 1942 as commander at Bizerta capitulated to the enemy and surrendered fortress which had been placed in his charge without having exhausted all available means of defence and having done everything which honour and duty required, and

(b) having on December 8th 1942 in his position as commander of the naval forces been responsible for handing over to the enemy a number of war vessels and other units. These acts constituted crimes which were punishable under Articles 238 and 240 of the Military Code.

2. At the request of General Weiss, Public Prosecutor, the Court decided on grounds of national security that public trial should be held in camera.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

France

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

C222858

AMENDED DISTRIBUTION (12.5.44)

[CODE R.] POLITICAL DISTRIBUTION

FROM ALGIERS (AMBASSADOR) TO FOREIGN OFFICE

Mr. Duff Cooper
No. 551
May 11, 1944

D. 5.10 p.m. May 11, 1944
R. 4.10 a.m. May 12, 1944

& & & &

IMMEDIATE

Your telegram No. 456.

Words used were as follows:

"Within their own country Frenchmen wish to be laboriously disciplined and numerous and in a clear, healthy and strong democracy. Towards states, territories and peoples which it is their duty to lead towards a better destiny, and in the first place towards noble Tunisia, they wish to be understanding, active and generous. In Europe, to which they hold fast and to which they are bound by a link so strong that, if Frenchmen are torn, Europe also is torn; and Europe alone without them would be doomed to chaos; in Europe which remains the great source of man's activity and even of his riches, Frenchmen desire, once the enemy has been chastised, to be a centre [? grp. omtd: ? of] direct and practical co-operation in the West; in the East, first of all, the permanent Allies of dear and powerful Russia. In the world where always and everywhere men rediscover their friendships, their influence, their interests, Frenchmen wish to be the model builders of this international and brotherly organisation, of which throughout their misfortunes and divisions all men on earth dream."

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[CYPHER]

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

WAR CABINET DISTRIBUTION

FROM ALGIERS (AMBASSADOR) TO FOREIGN OFFICE

Mr. Duff Cooper
No. 552
11th May, 1944

D: 9. 05 p.m. 11th May, 1944
R: 6 a.m. 12th May, 1944

p p p

My telegram No. 547.

I spoke to Massigli last night. He asked what interest Great Britain could have in the fate of Admiral Derrien. I said that we were interested in two ways. Firstly, we feared that his execution would produce a bad effect on the French fleet at a critical moment of the war. He undertook to consult M. Jacquinot about this.

2. Secondly, I said that we were concerned for the future of France. If the Committee executed all who had felt it their duty loyally to serve Vichy, they would produce a blood bath from which only disaster could emerge. Derrien had acted under orders. Surely the place to draw the line was between those who had given the orders and those who had obeyed them. The credit of the Committee was at stake. They could not wish to be thought bloodthirsty and they could not fear to be criticised for postponing punishment until the whole of the people of France could be consulted.

3. He took what I said in good part and promised to see what he could do but said that he was sure that the people of England would have no pity for an Admiral who surrendered his ships to the enemy when he might at least have sunk them.

4. He did not (repeat not) appear to have heard of Admiral Byng.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222860

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on.]

[CYPHER]

WAR CABINET DISTRIBUTION

FROM MADRID TO FOREIGN OFFICE

Mr. Yencken
No. 741
11th May 1944.

D. 8.52 p.m. G.M.T. 11th May 1944.
R. 11.15 p.m. D.B.S.T. 11th May 1944.

222

IMMEDIATE

My telegram No. 735.

Financial Adviser called on the Under Secretary of State for Foreign Affairs to ask whether measures had been taken with regard to the prevention of wolfram smuggling since the last Technical Committee meeting when Allied representatives made certain suggestions.

2. In the course of the interview, Senor Pan produced three letters dated May 3rd that General Jordana had sent to the Minister of Finance as controlling Customs; to Minister of the Interior as controlling Civil Guards and Carabineros; and to General Davila as head of Consejo Ordenador. The letters were excellent in every respect and strongly worded. He explained what the agreement meant to Spain and how the agreement would fall down if wolfram exports were not confined to the agreed quota. He pointed out to these Ministers that as the Germans had over 1000 tons already warehoused, it was ridiculous that they should be moving more wolfram from mining areas. He told the Minister of Finance that he was going to deal with the Director General of Customs himself and to advise him that proper precautions should be taken at the warehouses that no wolfram could leave unless by the authority of the Spanish Government within the terms of the agreement. To General Davila he said that he must at once investigate the reason for German buying and consignment of wolfram from the mining area and that as there appeared to be no reason for this, he should take steps to stop all movement. In other words he has adopted our suggestions. We shall endeavour to see that they are followed up.

3. Copies of the letters were sent to Franco.

4. Please repeat to Washington as my telegram No. 200.

[Repeated to Washington under No. 4152.]

OTP

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222861

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

[CYPHER] WAR CABINET DISTRIBUTION

FROM LISBON TO FOREIGN OFFICE.

Sir R. Campbell
No. 829
11th May 1944.

D. 4.00 p.m. GMT 11th May 1944.
R. 7.05 p.m. DBST 11th May 1944.

Z-Z-Z-Z-Z

IMMEDIATE

My telegram No. 828.

I regard possibility of inducing Dr. Salazar by negotiation or smooth words to agree to settlement analogous to that obtained in Spain as excluded for the following reasons.

(1) Having stood up (in refusing embargo) to very strong pressure from many quarters, having nobbled President Carmona (as I have no doubt is the case) by persuading him that our attitude towards the position of wolfram is unreasonable and unfair and having made what he no doubt feels is a good offer (on a percentage basis he could claim that it compares favourably with Spanish settlement) Dr. Salazar feels he is in a strong position.

(2) Divergence (in absolute quantities) between his offer and Spanish settlement is too wide.

(3) There is nothing he would dislike more than a settlement on exactly the same lines as Spanish one as this would do violence to his passion for showing his independence and would give the impression that settlement had been forced on him.

(4) He has just suppressed strikes without difficulty and has got the labour situation in hand at least for the time being.

(5) He is convinced that unlike the Americans we shall always in the last resort refrain from proceeding to extremes. (This has always been the strength of his position).

2. I am as good as certain therefore that he will only yield under threat (and certainty that it will be carried out) of really serious consequences.

3. If we are prepared to make threat and see it through we must decide what form it is to take.

4. I will offer some suggestions shortly.

OTP

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Poland

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

C222862

[En clair]. POLITICAL DISTRIBUTION

FROM MOSCOW TO FOREIGN OFFICE

Sir A. Clark Kerr
No. 1230
11th May, 1944.

D. 7.40 p.m. 11th May, 1944.
R. 7.50 a.m. 12th May, 1944.

////

Trud of May 9th publishes article on anniversary of Polish military unit in Soviet Union. Formation had been greeted by Poles abroad and in Poland. Polish Eagle would fly alongside banners of America, Britain and Russia. Article describes rapid formation of army experience in battle and progress of recruitment.

Trud and Red Stat publish greetings to Polish Army in Soviet Union from All-Slav Committee.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Wheat U.S.A.

C222863

[CYPHER] SPECIAL (FOOD CONFERENCE)

FROM WASHINGTON TO FOREIGN OFFICE

Viscount Halifax D. 10. 13 p.m. 11th May, 1944.
No: 2481 R. 5. 30 a.m. 12th May, 1944.
11th May, 1944.

11111

IMMEDIATE

Wheat.

Following from Twentyman.

My telegram No. 2458 paragraph 2. Add the following to the comment on proposal No. 3. I of course did not in any way assent to that part of this proposal relating to the duration. Discussion was [2 grps. undec: ? all by way of] proviso.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Wheat USA

C222803

[CYPHER] SPECIAL (FOOD CONFERENCE)

FROM WASHINGTON TO FOREIGN OFFICE

Viscount Halifax D. 10. 13 p.m. 11th May, 1944.
No: 2481 R. 5. 30 a.m. 12th May, 1944.
11th May, 1944.

11111

IMMEDIATE

Wheat.

Following from Twentyman.

My telegram No. 2458 paragraph 2. Add the following to the comment on proposal No. 3. I of course did not in any way assent to that part of this proposal relating to the duration. Discussion was [2 grps. undec: ? all by way of] proviso.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222804

(THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT)

S E C R E T

COPY NO 3

P.M.M.(44) 12th Meeting

MEETING OF PRIME MINISTERS

MINUTES of a Meeting held at 10, Downing Street, S.W.1., on THURSDAY, 11TH MAY, 1944 at 11.0 a.m.

PRESENT

The Rt. Hon. Winston S. Churchill, M.P., Prime Minister of the United Kingdom, (In the Chair)

UNITED KINGDOM

The Rt. Hon. C.R. Attlee, M.P. Lord President of the Council

The Rt. Hon. Anthony Eden, M.P. Secretary of State for Foreign Affairs.

The Rt. Hon. Ernest Bevin, M.P. Minister of Labour and National Service.

The Rt. Hon. Lord Woolton, Minister of Reconstruction.

The Rt. Hon. Viscount Cranborne, Secretary of State for Dominion Affairs.

Colonel The Rt. Hon. Oliver Stanley, M.P. Secretary of State for the Colonies.

The Rt. Hon. Richard Law, M.P. Minister ofSState.

Sir Eric Machtig, Permanent Under Secretary of State Dominions Office.

CANADA

The Rt. Hon. W.L. Mackenzie King, M.P. Prime Minister of Canada.

Mr. Norman A. Robertson, Under Secretary of State for External Affairs

COMMONWEALTH OF AUSTRALIA

The Rt. Hon. J.H. Curtin, M.P. Prime Minister of the Commonwealth of Australia

Sir Frederick Shedden, Secretary of the War Cabinet War Council and Department of Defence

NEW ZEALAND

The Rt. Hon. P. Fraser, M.P., Prime Minister of New Zealand

Mr. A.D. McIntosh, Secretary of the War Cabinet and Secretary of External Affairs.

UNION OF SOUTH AFRICA

Field Marshal The Rt. Hon. J.C. Smuts, M.P. Prime Minister of the Union of South Africa

Mr. D.D. Forsyth, Secretary for External Affairs

SECRETARIAT

Sir Edward Bridges, Sir John Stephenson } Joint Secretaries
Sir Gilbert Laithwaite
Brigadier E.I.C. Jacob

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222865

THE POST-WAR WORLD SETTLEMENT

A discussion took place on the post-war world settlement. A record is being circulated separately.

Offices of the War Cabinet,
S.W.1.,

11TH MAY, 1944

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222866

MEETING OF PRIME MINISTERS

In view of the specially secret nature of the matters dealt with, the full record of the Meeting held at 5.30 p.m. on WEDNESDAY, 10TH MAY, is being given a very restricted circulation.

The attached Confidential Record is circulated for the personal information of the Dominion Prime Ministers.

(Signed) E.E. BRIDGES
J.E. STEPHENSON

Joint Secretaries.

Offices of the War Cabinet,
S.W.1.

11TH MAY, 1944.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

The circulation of this paper has been strictly limited.
It is issued for the personal use of Prime Minister of Canada

TOP ~~MOST~~ SECRET. Copy No. 3

C222867

P.M.M.(44) 11TH MEETING
(WEDNESDAY, 10TH MAY, 1944).

CONFIDENTIAL ANNEX, MINUTE 1

CIVIL AVIATION

LORD BEAVERBROOK said that three main points had been under consideration in his recent discussions with the representatives of the U.S. Government about civil aviation. The first, international control of trunk routes; the second, bases, and the third, cabotage.

His general purpose in these discussions had been to make the best possible arrangements for the future while keeping controversial issues out of the way and he thought that the discussions had, in fact, resulted in clearing the air without disturbing the United States.

As regards the first point, the meeting would remember that the Commonwealth conversations six months ago had considered this issue and had been averse from international operation, but when the matter was further considered by a Sub-Committee presided over by Captain Balfour, the Sub-Committee had favoured international control, which had finally been adopted. When he opened his discussions with Mr. Berle, Mr. Berle had asked for what was in fact unrestricted competition. He had first urged on Mr. Berle the Canadian draft Convention which embodied a detailed plan for an international regulatory authority to provide for technical requirements etc., with powers of enforcement. That Convention was set out in a brilliantly drafted document. The United States negotiators had, however, been entirely unwilling to accept that plan, which they felt would infringe the sovereign rights of the United States and, after further discussion, he had abandoned it in favour of the recommendations of the Balfour Sub-Committee, and the proposals for international handling of civil aviation then accepted, which the Americans regarded as sufficiently flexible to provide a basis for an international conference. In the outcome Mr. Berle had agreed to go to an International Conference on the basis of the findings of the Balfour Sub-Committee. He felt himself that at that Conference the United States would insist on a measure of freedom and for a more loosely built structure than we might wish for, and that situation would have to be dealt with when it arose. Meanwhile, the Canadian Government was drafting a document for use in connection

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

with it and we had been asked to join with Canada in getting that document into a shape that would be acceptable both to us and to the United States.

As regards bases, he had in his discussions adopted the formula proposed by the Australian and New Zealand Governments which was supported by His Majesty's Government in the United Kingdom. He had been at pains to handle the discussions in a non-challenging, though in a fair and determined, manner. The effect was that we should hold firmly to our bases until we could reach a satisfactory international agreement for control, and he had secured acceptance of this point of view by the American negotiators.

As regards cabotage, the reservation to a nation of all traffic within its territories, we had claimed that it extended to traffic between the United Kingdom and the Crown Colonies and the Empire, excluding the self-governing Dominions and India, and after discussion that claim also had been accepted by Mr. Berle. Nor had Mr. Berle contested that in the self-governing Dominions and India the Governments of those countries could claim cabotage. He felt that this was satisfactory since it enabled us to safeguard the position of cabotage in Newfoundland until a Government was restored in that Dominion which could deal with the question itself.

He thought that we should try to establish a Commonwealth and Empire route. He had not laid any specific proposals before this Meeting, but if encouraged to do so, he would at once consult with the technical advisers of the Dominion Prime Ministers. If the results were good, a joint project could result. What he had in mind was a Commonwealth and Empire route round the world, which would not prejudice our present good understanding with the United States and could be used equally by all.

Since cabotage had been conceded by the United States and difficulty was accordingly unlikely to arise over it at the proposed International Conference, Colonel Stanley would have to consider what action in regard to it should be taken in areas of the Empire in which the Dominions were closely interested, as, for example, Canada was in the West Indies.

On the matter of the chosen instrument for civil aviation, Mr. Berle and his friends were for private enterprise and could not be budged from that position. He was unable to say what the attitude of this country would be. Different views were held and some favoured doing without the chosen instrument. He had thought it well to defer that issue until after the war effort had reached its climax, because of its controversial aspect.

MR. MACKENZIE KING said that he had no comment to make.

MR. CURTIN said that he was in general agreement with Lord Beaverbrook's statement. He would himself like a chosen instrument. So far as the British

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Commonwealth line was concerned, he was agreeable to the idea and, in general, was prepared to adhere to what His Majesty's Government in the United Kingdom had in view as expressed by Lord Beaverbrook.

MR. FRASER said that an agreement on the whole of this matter had been reached between the Governments of Australia and New Zealand at Canberra on 21st January, 1944. Under that agreement:-

"The two Governments agree that the regulation of all air transport services should be subject to the terms of a convention which will supersede the Convention relating to the Regulation of Aerial Navigation.

The two Governments declare that the air services using the international air trunk routes should be operated by an international air transport authority.

The two Governments support the principles that:

(a) Full control of the international air trunk routes and the ownership of all aircraft and ancillary equipment should be vested in the international air transport authority, and

(b) The international air trunk routes should themselves be specified in the international agreement referred to in the next succeeding clause.

The two Governments agree that the creation of the international air transport authority should be effected by an international agreement.

Within the framework of the system set up under any such international agreement the two Governments support:

(a) The right of each country to conduct all air transport services within its own national jurisdiction, including its own contiguous territories, subject only to agreed international requirements regarding safety facilities, landing and transit rights for international services, and exchange of mails.

(b) The right of Australia and New Zealand to utilise to the fullest extent their productive capacity in respect of aircraft and raw materials for the production of aircraft, and

(c) The right of Australia and New Zealand to use a fair proportion of their own personnel, agencies and materials in operating and maintaining international air trunk routes."

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

He trusted that Lord Beaverbrook would be successful in the negotiations that lay ahead. New Zealand would stand in with him on them.

The question whether the United States were to be left alone to operate across the Pacific, was a matter of great concern to his Government. It would, in his judgment, be fatal if the British Empire did not have a route across the Pacific. There had been difficulty before the war about landing rights in Hawaii, the United States expressing itself as ready to reciprocate in return for rights in the Trans-Tasman route, but pointing out that if these rights were in fact conceded the Japanese would benefit by them. That difficulty no longer existed, and there was reason to think that the United States would now be willing to let us have reciprocal rights. The United States airways would probably take alternative routes via New Caledonia to Australia as well as to New Zealand. But that would be a United States and not a British service and his Government wanted a British service. He thought that the best course might be to make the Trans-Tasman operating organisation a Trans-Pacific one, making any rearrangement necessary to bring Canada in with Australia and the United Kingdom. While it might be possible to arrange for the requisite landing grounds in Hawaii (possibly at Lord Beaverbrook's proposed conference) he still felt that the British Commonwealth Governments should own their own line, at any rate across the Pacific. LORD BEAVERBROOK said that the possibility of using Christmas Island and Fanning Island might be considered if there was any difficulty over Honolulu. He thought that as things were now shaping aircraft following that route could carry a pay-load. MR. FRASER felt that even if there was no pay-load it was essential to have a service running under the British flag if New Zealand was not to be isolated.

MR. CURTIN said that the Australian Government thought that there should be two routes. They would be glad to see British air interests in the Pacific expanded and would do their best to support though the question of subsidy would present difficulty in view of the heavy demands for expenditure on the essential internal air services. They were anxious also for a British route to Great Britain, possibly via Darwin. The problem of long-distance hops however seemed likely to give rise to serious difficulty.

In reply to Field Marshal Smuts, LORD BEAVERBROOK said that subject to the views of the Dominion Prime Ministers the next stage would be an International Conference, in which we should base ourselves on the findings at the Commonwealth Conversations for the international handling of civil aviation. He thought the wisest course would be to reach agreement with the Americans at that Conference, even at the cost of some concession, but to build up a Commonwealth and Empire organisation in addition to what we arrange with the United States. Commercially the proposition was a sound one. If the Dominions approved it would be desirable that we should get together with the Dominion representatives and try to give life to the Empire route.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

FIELD MARSHAL SMUTS said that he was quite agreeable to the discussions continuing. Meanwhile we should go on with launching the Commonwealth and Empire route and we should do our best in the conversations with the United States.

SIR FIROZ KHAN NOON said that the Government of India agreed that there should be a Commonwealth and Empire organisation. India would come in and contribute her share, both in personnel and money. The very large number of air bases which had been developed in India during the war were the property of the Government of India and the United States would have no claim to them. He assumed that there would be no international control on the Commonwealth and Empire world route.

SIR GODFREY HUGGINS said that he agreed with Field Marshal Smuts.

MR. MACKENZIE KING said that there was general agreement that Commonwealth air communications should be developed, but it was important that each country or combination of countries inside the Commonwealth should develop those lines that were especially important to them, and that there should not be a single Commonwealth holding or operating company. Each Dominion would be responsible for controlling its own part. He was all in favour of an international authority if one could be secured, and for bringing in the United States. We ought, however, to bear in mind the danger of working up the Commonwealth and Empire line before agreement had been reached with the United States. On a point raised by Mr. Fraser, who expressed the hope that the Canadian Government would come in on the Pacific side, he said that this whole subject was still under very careful consideration by the Canadian Government and that he did not want to commit himself to any particular plan.

LORD BEAVERBROOK said that there was complete understanding with the United States, and that the proposed Commonwealth and Empire line would not be an alternative, but a parallel, to the line which it was hoped to negotiate with them. As regards Sir Firoz Khan Noon's enquiry about international control, if we succeeded in securing at the proposed Conference the degree of international control we had in view, matters such as quotas, frequencies, etc., would be controlled under some International Convention subject to compliance with which the countries concerned would have a free hand as regards operation.

MR. ATTLEE said there seemed to be general agreement that we should go forward both with the International Conference and with discussions for an all-Empire route.

Lord Beaverbrook, Sir Archibald Sinclair and Mr. Law left the Meeting at this point.

Offices of the War Cabinet,
S.W.1.
10TH MAY, 1944.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222872

(THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT)

S E C R E T

P.M.M. (44) 13th Meeting

COPY NO. 4

MEETING OF PRIME MINISTERS

MEETING to be held in the Cabinet Room at No. 10 Downing Street, on FRIDAY, 12th MAY, 1944 at 11.0 a.m.

AGENDA

1. POST WAR EMPLOYMENT PLANS

(Statement by Minister of Labour and National Service)

2. MIGRATION

(Statement by the Secretary of State for Dominion Affairs. See Dominions Office telegram D. No. 578 of 19th April.)

(Signed) E.E. BRIDGES
J.E. STEPHENSON

Joint Secretaries

Offices of the War Cabinet, S.W.1.,

11th May, 1944.

The following have been invited to attend:

United Kingdom

The Prime Minister
Mr. Attlee
Mr. Eden
Sir John Anderson
Mr. Bevin
Lord Woolton
Lord Cranborne
Colonel Stanley

Canada

The Prime Minister
Mr. N.A. Robertson

Commonwealth of Australia

The Prime Minister
Sir Frederick Shedden

New Zealand

The Prime Minister
Mr. A.D. McIntosh

Union of South Africa

The Prime Minister
Mr. D.D. Forsyth

Southern Rhodesia

The Prime Minister

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Axis Satellites

OUTWARD TELEGRAM

C222873

(R 7325/1826/G)

[CYPHER] POLITICAL DISTRIBUTION

FROM FOREIGN OFFICE TO CAIRO (MINISTER RESIDENT) NO. 1655
ANGORA NO. 588
ALGIERS (RESIDENT MINISTER) NO. 994
HIGH COMMISSIONER NAPLES NO. 87

11th May, 1944 D. 2.00 p.m. 11th May, 1944.

ddddddd

IMPORTANT

SECRET

Following declaration is being issued at 17.00 hours BDST tomorrow 12th May simultaneously in London, Washington and Moscow.

2. [Begins]. Through the fatal policy of their leaders, the people of Hungary are suffering the humiliation of German occupation. Roumania is still bound to the Nazis in a war now bringing devastation to its own people. The Governments of Bulgaria and Finland have placed their countries in the service of Germany and remain in the war at Germany's side.

The Governments of Great Britain, the Soviet Union and the United States think it right that these people should realise the following facts:-

(1) The Axis satellites, Hungary, Roumania, Bulgaria and Finland, despite their realisation of the inevitability of a crushing Nazi defeat and their desire to get out of the war, are by their present policies and attitudes contributing materially to the strength of the German war machine.

(2) These nations still have it within their power, by withdrawing from the war and ceasing their collaboration with Germany and by resisting the forces of Nazism by every possible means, to shorten the European struggle, diminish their own ultimate sacrifices and contribute to the Allied victory.

(3) While these nations cannot escape their responsibility for having participated in the war at the side of Nazi Germany, the longer they continue at war in collaboration with Germany the more disastrous will be the consequences to them and the more rigorous will be the terms which will be imposed upon them.

(4)/

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

OUTWARD TELEGRAM

C222874

(4) These nations must therefore decide now, while yet there is time for them to contribute to the inevitable Allied victory, whether they intend to persist in their present hopeless and calamitous policy of opposing that victory. [Ends].

3. [Cairo only]. Please pass copy to Mr. Leeper and Mr. Stenbock.

[Algiers only]. Please repeat to Mr. Broad at Bari.

O.T.P.

[Copies sent to Mr. Wiltshire]

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

(4) These nations must therefore decide now, while yet there is time for them to contribute to the inevitable Allied victory, whether they intend to persist in their present hopeless and calamitous policy of opposing that victory. [Ends].

3. [Cairo only]. Please pass copy to Mr. Leeper and Mr. Stenbock.

[Algiers only]. Please repeat to Mr. Broad at Bari.

O.T.P.

[Copies sent to Mr. Wiltshire]

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

OUTWARD TELEGRAM

C222875

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER]. WAR CABINET DISTRIBUTION.

FROM FOREIGN OFFICE TO ALGIERS (AMBASSADOR).

No.458. D. 12.30 p.m. 11th May, 1944.

11th May, 1944.

^^^^^^^^^^^^^^^^^^^

MOST IMMEDIATE.

My telegram No.448 [of 9th May: trial of Admiral Derrien].

Reuter message from Algiers dated 10th May states that two Allied officers, one British and one American, were present at preliminary session on 10th May, that one of them was a General and that both have the right to be present throughout the proceedings.

2. In view of categorical instructions in my telegram under reference, I assume that above report is inaccurate and that no British officer was in fact present. Please report the facts and action taken by telegram.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Egypt

OUTWARD TELEGRAM

C222876

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on.]

[CYPHER] WAR CABINET DISTRIBUTION

FROM FOREIGN OFFICE TO CAIRO (MISSION)

No. 653.

D: 2.30 p.m. 11th May, 1944.

11th May, 1944.

@@@ @@@ @@@

Your telegrams Nos. 888, 889 and 890 [Egyptian political situation.] reveal, as you say, a disquieting situation, particularly as regards King Farouk's present state of mind. I hope, however, that despite His Majesty's behaviour you will find occasion to see him at regular intervals.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Prime Ministers train

Ascot Siding

10, Downing Street,
Whitehall.

May 12, 1944

Fraternal Associations

C222877

Winston Churchill

W Lyon Mackenzie King

Viscount Alexander

W. Stuart Gen.

Mackenzie King

G. H. Huggins

Peter Fraser,

John G. Diefenbaker

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

1 Italy

C222878

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on.]

[CYPHER] WAR CABINET DISTRIBUTION

FROM NAPLES (HIGH COMMISSIONER) TO FOREIGN OFFICE

Sir N. Charles
No. 112
12th May 1944

D. 7.12 p.m. GMT 12th May 1944
R. 11.15 p.m. DBST 12th May 1944

Repeated to Resmin Med. 61.

I I I I I

IMPORTANT

My telegram No. 79.

Cabinet met yesterday and passed the major part of the decrees regarding purge of Fascists. A Committee was appointed to study constitution of a Consultative Assembly.

2. Most of the time was expended in discussing the interview given by the Crown Prince to representative of the Times (please see Air Mail edition of the Times of April 26th, page 5) in which he indicated that the Italian people could not shirk the responsibility for Italy's entry into the war. The communique refers to the interview and says "holding that it is not in the Constitutional and Democratic idea that representatives of the Crown make political statements not agreed by the Government, the Council unanimously refutes any imputation directed towards the people in regard to any responsibility for the Fascist war."

3. General MacFarlane is seeing the Marshal to-day to warn him against allowing subjects being brought up that might lead to the break-up of the Cabinet (which meets again to-morrow).

OTP.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Egypt

C222879

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on.]

[CYPHER]

WAR CABINET DISTRIBUTION

FROM CAIRO TO FOREIGN OFFICE

Lord Killearn,
No. 977
12th May 1944

D. 6.00 p.m. GMT 12th May 1944

R. 8.35 p.m. DBST 12th May 1944

Your telegram No. 653.

King Farouk has been indisposed past few days.

2. I saw him at a charity ball last week - he looked particularly surly. Even his aunt by marriage, Madame Hussein Sirri, told me later that she had purposely refrained from approaching or greeting him.

3. I expect to see him next week, taking the Maharajah of Jaipur (now staying with me) down for a talk.

4. Without some such pretext it is not particularly wise to ask for audiences too frequently. It at once starts political speculation and intrigue and the atmosphere is already charged enough. Furthermore, I have to watch my step to avoid Government suspicion. But I shall as always take any reasonable pretext to see him from time to time.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Lebanon

C222880

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on.]

[CYPHER]

WAR CABINET DISTRIBUTION

FROM BEIRUT TO FOREIGN OFFICE

Sir E. Spears.
No. 273. D. 3.19 p.m. GMT 12th May, 1944.
11th May, 1944. R. 6.10 p.m. DBST 12th May, 1944.

V V V

Your telegram No. 233.

President of the Republic has been informed accordingly. He would naturally be glad to know as soon as any even approximate indication can be given him regarding date of which M. Shamoun is likely to be able to proceed to his post.

Since Government do not wish to lose Shamoun as a deputy, President's idea was to appoint him officially for 6 months only with faculty of later renewal. It was pointed out to him that this was somewhat unusual from a diplomatic point of view, and he eventually agreed that nomination itself should contain no such limitation, though it might have to be explained in the Chamber that Shamoun's appointment would be reviewed after six months. I presume that there would be no objection to this (not repeated).

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222881

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER]. WAR CABINET DISTRIBUTION.

FROM ALGIERS (AMBASSADOR) TO FOREIGN OFFICE.

Mr. Duff Cooper. D. 3.30 p.m. 12th May, 1944.

No.553. R. 7.40 a.m. 13th May, 1944.

11th May, 1944.

^^^^^^^^^^^^^^^^^^^^

Your telegram No.458.

As stated in my telegram No.547 your telegram No.448 arrived after the trial had begun and the deputy judge advocate [grp. undec. ? general] and American officer had been present at the opening of proceedings.

2. Instructions were immediately sent to them to withdraw which they did both in accordance with these instructions and a simultaneous request by one of the judges when the decision was taken to hold the trial in camera.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222882

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

[CODE R]

POLITICAL DISTRIBUTION

FROM ALGIERS (AMBASSADOR) TO FOREIGN OFFICE

Mr. Duff Cooper
No. 556.
11th May, 1944.

D. 3.30 p.m. 12th May, 1944.
R. 9.35 p.m. 12th May, 1944.

[ ] [ ] [ ]

Debate on resistance took place in Assembly on May 10th. It was opened by the President of the Assembly who paid a tribute to Belgium and Holland on the anniversary of the German invasion and to Soviet Russia on the fall of Sebastopol. A resolution was adopted containing a message of congratulations to Stalin on the victory.

2. Emmanuel d'Astier, Commissioner for the Interior, gave a moving account of the situation in France illustrated by a description of the acts of heroism and of the suffering shared by the whole nation of men and women alike. He stressed the need of arms and equipment for secret army, acknowledged the effort made during the last few months but regretted the delay which reduced the value of consignments owing to greatly increased measures of repression employed now by the German authorities. Commissioner regretted the new communication arrangements between London and Algiers dangerously limited contact between French Committee of National Liberation and resistance movement. Principle was no doubt justifiable but none the less it should have been applied with more care.

3. A number of delegates took part in the debate but only speech of interest was that of Hauriou a member of the Independent Resistance Group as Vice-President of the Assembly who made an excellent and well-balanced statement criticising lack of a well-defined policy towards National Council of Resistance and pleading for a better organisation of aid in arms and money destined for France. Hauriou's reference to the interruption of cypher communication was of all the most moderate. He emphasised the necessity of absolute military security but expressed the hope that a modus vivendi would be arranged enabling confidential information to be transmitted to Algiers.

4. Commissioner for the Interior wound up the debate by claiming that during the six months he had in office he had already remedied the main criticisms mentioned by the delegates during discussion. An order of the day calling the Government to render all possible help to resistance movement in France was then adopted and the President announced Assembly would meet again on May 12th to hear the Commissioner for Foreign Affairs.

5. Text of debate follows by despatch.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

8

Yugoslavia

C222883

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] WAR CABINET DISTRIBUTION.

FROM ALGIERS (RESIDENT MINISTER) TO FOREIGN OFFICE

Mr. Macmillan
No. 655

D. 7.42 p.m. 12th May, 1944

11th May, 1944

R. 8.35 a.m. 13th May, 1944

X X X X

My telegram No. 637.

As there are various questions connected with the employment of Yugoslav ex-Italian prisoners of war in this theatre who opt for Tito which it would be useful to discuss with General Velabit, I should be grateful if you could give me some idea of when he is likely to return to Algiers.

[Copies sent to Mr. Wiltshire].

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Spain

C222884

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER]

WAR CABINET DISTRIBUTION

FROM MADRID TO FOREIGN OFFICE

Mr. Yencken
No. 740

D.11.50 p.m. 11th May, 1944.

11th May, 1944.

R. 1.5 p.m. 12th May, 1944.

T T T T T

Since conclusion of agreement, the Minister for Foreign Affairs has been pressed by his colleagues in Government about early delivery of rubber. As it has been pointed out before General Jordana hopes to show that the agreement with us, which he supported so strongly, has enabled Spain to obtain certain classes of goods which cannot be provided by Germany e.g. rubber, cotton, and petrol. I notice from Washington telegram No. 942 to M.E.W. that the question was to be discussed in Washington on May 9th. I hope that the case for releasing supplies will be pushed with vigour and that an early decision will be reached as the situation [gp. undec. ? in industry] here is desperate and there is little point in providing gasoline if tyres are denied to road transport.

2. Please repeat to Washington as my telegram No. 199.

[Repeated to Washington No. 4184 12th May].

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

[CYPHER] WAR CABINET DISTRIBUTION

FROM MADRID TO FOREIGN OFFICE

Mr. Yencken
No. 742
May 11, 1944

D. 2.15 a.m. May 12, 1944
R. 6.35 a.m. May 12, 1944

Repeated to: Tangier No. 66

& & &

IMMEDIATE

Your telegram No. 567.

I saw Minister for Foreign Affairs this morning and found he had been informed of the conversation reported in my telegrams Nos. 727, 734 and 739. I opened the conversation by handing him an extract from the "Times" of May 3 with tributes to himself and Lord Selborne's statement that agreement was a victory over the Germans not the Spaniards. He was obviously pleased.

I then told him of your concern over the delay in closing German Consulate-General in Tangier and General Orgaz's attitude and handed him a personal letter in Spanish which began by congratulaing him on the agreement and saying that I had kept you informed of progress made in implementing it as regards the Blue Division, the Italian ships and prompt notification on May 3 to the German Government and Embassy of the decision to close the Consulate. It went on to ask for information as to the steps being taken to expel German agents and then drew attention to the situation created in Tangier by the mutilation in the Tangier Gazette of your declaration and the exploitation of it by the Germans which had been made worse by General Orgaz's uncompromising attitude. This had given rise to doubts about Spanish intentions, and to deal with this situation it was essential that a date should now be fixed for the closing of the Consulate and the repatriation of its personnel.

General Jordana read the letter carefully and then said that he could not possibly fix a date. That would be an ultimatum to the Germans and it would immediately lead to further attacks upon him. I argued that a date must be fixed some time, one did that with a tenant over a house, and it should not have to be an ultimatum.

He said that even if Franco ordered him to fix a date he would object. He knew what he was doing and he must be allowed to handle this situation in his own way. The Germans, on being notified, had naturally protested, but they had showed no signs of wanting to resist. I interjected that the Germans in Tangier were giving very different impression. He replied that that was not his information.

I.....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222886

I then said that General Orgaz kept saying that he had no instructions and would not act without them, and this ten days after the agreement was making a very bad impression. I told him that General Orgaz had been instructed to notify the German Consul-General of the decision to close the Consulate and had done so but he had not yet received any detailed instructions as he, the Minister for Foreign Affairs, intended to handle the matter with the Germans. Pressing General Orgaz in the circumstances merely irritated him and did no good. I said that reports were coming from Tangier to the effect that General Orgaz had no intention of carrying out any instructions sent him. The Minister replied that Orgaz was a soldier and an agent of the Spanish Government: and would have to do what he was told.

As I could not move him I said that none of us could ignore public opinion on this question. If tankers arrived to load and the Consulate was still not closed there would be almost certainly a flare up of public opinion in the United Kingdom and United States. Was this worth it? Would he not now stop the Consulate functioning (see Tangier telegram to Foreign Office No. 166) and arrange for the repatriation of its personnel in the next week or so? The Minister for Foreign Affairs would not however commit himself.

Finally after arguing for an hour [? grp. omtd: ? and a] half he agreed that I should telegraph that he confirms that a definite decision had been taken and that the Consulate would be closed "immediately" which when pressed he said meant as soon as possible. Further he would approach the Germans as to their intentions and let me know the result. They had accepted the decision and he did not expect them to be unreasonable nor could he be unreasonable with them. There was after all no time limit set in the agreement nor even the word "forthwith" used in the protocol.

He finished with a plea that we should trust him. The decision had been made and accepted. It was only a matter of carrying it out decently.

Please repeat to Washington as my telegram No. 201.

[Repeated to Washington No. 4153]

[OTP]

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

C222887

[EN CLAIR] POLITICAL DISTRIBUTION

FROM MOSCOW TO FOREIGN OFFICE

Sir A. Clark Kerr
No. 1235
11th May, 1944

D. 2.07 p.m. 12th May, 1944
R. 8.35 p.m. 12th May, 1944

kkkkk

Moscow newspapers May 10th publish Tass message from New York quoting warnings addressed to neutrals by American newspapers regarding exports to Germany. In particular New York Herald Tribune is quoted warning neutral countries that their attitude will be remembered in discussion of post-war agreements. Washington Post is quoted warning Portugal re wolfram exports and other newspapers as being dissatisfied with United States agreement with Spain.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

C222888

[EN CLAIR] POLITICAL DISTRIBUTION

FROM MOSCOW TO FOREIGN OFFICE

Sir A.Clark Kerr.
No. 1237.
11th May, 1944.

D. 2.8 p.m. 12th May, 1944.
R. 8.35 p.m. 12th May, 1944.

999999999

Moscow newspapers May 10th publish Tass message from Gothenburg reporting resolution of dockers' Trade Union protesting against exports of ballbearings to Germany.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222689

[THIS TELEGRAM IS OF PARTICULAR SECRECY AND SHOULD BE RETAINED BY THE AUTHORISED RECIPIENT AND NOT PASSED ON]

[CYPHER] WAR CABINET DISTRIBUTION

FROM WASHINGTON TO FOREIGN OFFICE

Viscount Halifax
No. 2478
11th May, 1944

D. 1.00 a.m. 12th May, 1944
R. 12.40 p.m. 12th May, 1944

Repeated to Lisbon No. 155

ddddddd

IMMEDIATE

Your telegram No. 4069 [sic: ?4057].

Secret.

The contents of your telegram under reference have been discussed with the State Department who have also been given an outline of the course of discussion between Dr. Salazar and His Majesty's Ambassador (Lisbon telegram to you No. 820 and following telegrams). While they emphasise very strongly the interest that is being felt here generally in this matter and [7 grps. undec.] they are prepared to leave the negotiations in your hands for the present, though they are ready to put the United States Ambassador at Lisbon into action at any moment when you feel that this may be of help.

2. The State Department's attitude generally is that we should continue to press for a total embargo, but they appreciate that we are more likely to get our way if Salazar can be convinced that the requisite step is in his real interests, and he is left to take it as a spontaneous gesture rather than if a policy of threat is employed. On the other hand they feel that the matter is of great urgency, and that it may be that it will prove necessary through a press campaign here to persuade Salazar of the strength of public opinion in the United States. It is not, however, proposed to take any action here until your views, following the latest discussion with Salazar, are known.

3. The State Department are anxious to be consulted further before any indication is given to Salazar that we would accept anything less than a total embargo. They have been informed of the type of possible compromise which you had in mind (see paragraph 4 of telegram under reference) but pending your further instructions we considered it tactically advisable not to try and secure their definite consent to that compromise at this stage, since this might only make matters more difficult if you should decide to propose any modification respecting His Majesty's Ambassador's discussion with Salazar.

O.T.P.

[Repetition of undecypherable groups is being obtained]

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222890

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] WAR CABINET DISTRIBUTION

FROM TANGIER TO FOREIGN OFFICE

Mr. Gascoigne.
No. 177. D. 7.58. p.m. GMT 12th May, 1944.

12th May, 1944. R. 11.15. p.m.DBST 12th May, 1944.

Repeated to Madrid No. 152.
Tetuan Saving.

****

IMPORTANT

My telegram No. 175.

My United States colleague saw the High Commissioner this morning. Orgaz would say nothing except that terms of the agreement would be carried out with diligence. It is noteworthy that the General did not admit

(a) that he had taken any action to notify Germans that they must close consulate General and go, or
(b) that Germans had notified Head of Spanish Diplomatic Cabinet that they had since then orders to this effect from the German Government (my telegrams Nos. 170 and 171).

My United States colleague entirely agrees with me that Orgaz is out to sabotage the agreement all he can by "going slow."

OTP

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

AMENDED DISTRIBUTION(16th May 1944)

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] WAR CABINET DISTRIBUTION

FROM BEIRUT TO FOREIGN OFFICE

Sir E. Spears.
No. 274.

D. 2.48 p.m.G.M.T. 12th May 1944.

R. 5.25 p.m.D.B.S.T. 12th May 1944.

12th May 1944.

Repeated to M.E. Min. (for Warner),
Resmin Med.

rrrrrr

IMMEDIATE

Following from Mr. Leeper No. 2.

My immediately preceding telegram.

As M. Papandreou has been confined to bed with slight fever since his arrival here, the conference has not opened. Formal opening may not take place before May 14th. By that time the final party of politicians from Athens should have arrived here. These are of some importance as they include two party leaders, M. Mylonas and M. Sofianopoulos and one member of the Liberal Party, M. Rendis.

2. Meanwhile the days are not being wasted. For the first time probably in the political history of modern Greece, men of all parties find themselves living together in the same hotel and having to get to know one another. This in itself is most healthy. They are living in very agreeable surroundings somewhat resembling as they admit to themselves the mountains of their own country. It will be difficult for any one of the groups to take the responsibility of causing a rupture thus destroying the now alluring prospect of real unity. It is not an atmosphere in which the Communists who are the only possible disturbers of the peace will find it easy to go their own way.

3. In order to keep in close touch and yet [group undec. ? not] intervene too closely in what I tell the delegates is purely a Greek affair, I have installed myself in the hills fortress between Beirut and the seat of the conference. Here I receive daily visits from those who wish to consult me. To-morrow the Communists at their own request are coming to see me. M. Papandreou sends over his information at frequent intervals to keep me informed and make suggestions as to how to handle my visitors in order to promote a spirit of [group undec. ? unity]. M. Venizelos who is now [group undec. ? play] ing up well is also a frequent visitor.

/4....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

AMENDED DISTRIBUTION(16th May 1944)

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] WAR CABINET DISTRIBUTION

FROM BEIRUT TO FOREIGN OFFICE

Sir E. Spears.
No. 274.

12th May 1944.

D. 2.48 p.m.G.M.T. 12th May 1944.

R. 5.25 p.m.D.B.S.T. 12th May 1944.

Repeated to M.E. Min. (for Warner),
Resmin Med.

rrrrrr

IMMEDIATE

Following from Mr. Leeper No. 2.

My immediately preceding telegram.

As M. Papandreou has been confined to bed with slight fever since his arrival here, the conference has not opened. Formal opening may not take place before May 14th. By that time the final party of politicians from Athens should have arrived here. These are of some importance as they include two party leaders, M. Mylonas and M. Sofianopoulos and one member of the Liberal Party, M. Rendis.

2. Meanwhile the days are not being wasted. For the first time probably in the political history of modern Greece, men of all parties find themselves living together in the same hotel and having to get to know one another. This in itself is most healthy. They are living in very agreeable surroundings somewhat resembling as they admit to themselves the mountains of their own country. It will be difficult for any one of the groups to take the responsibility of causing a rupture thus destroying the now alluring prospect of real unity. It is not an atmosphere in which the Communists who are the only possible disturbers of the peace will find it easy to go their own way.

3. In order to keep in close touch and yet [group undec. ? not] intervene too closely in what I tell the delegates is purely a Greek affair, I have installed myself in the hills fortress between Beirut and the seat of the conference. Here I receive daily visits from those who wish to consult me. To-morrow the Communists at their own request are coming to see me. M. Papandreou sends over his information at frequent intervals to keep me informed and make suggestions as to how to handle my visitors in order to promote a spirit of [group undec. ? unity]. M. Venizelos who is now [group undec. ? play] ing up well is also a frequent visitor.

/4....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

4. M. Papandreou's position has been greatly strengthened by the fact that every member of the first party which arrived here from Athens on May 10th reported the enthusiasm with which his appointment as President of the Council and his public declarations had been greeted in Athens. This has made a strong impression on all the others and has given him undisputed position [group undec.? as] leader of the conference. It has also enabled him to extract from the Communists a statement disassociating themselves from the recent mutinies. M. Papandreou does not wish to publish this statement until he has produced from the conference as a whole a declaration on the subject but he has promised me a copy for any use the G.H.Q. Middle East may need to make of it meanwhile with the Greek armed forces.

5. British, American, Soviet and French journalists have arrived on the scene. I asked the Greeks to handle the press conference themselves which they did most inadequately at the first meeting last night. To-day all the correspondents including the Russians are visiting me. I propose to tell them that His Majesty's Government set great store on an agreement being reached which will produce a Government of national unity from which no party will exclude itself. I will appeal to them to report in a manner most conducive to achieve this result. I am asking Cairo not to censor political despatches from correspondents and to confine censorship to purely military aspect. With such an assurance, we can rely on the correspondents to play a helpful part. From my own experience of press matters, I would say this is a proper risk to take [group undec.].

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

OUTWARD TELEGRAM

C222893

[CYPHER]

POLITICAL DISTRIBUTION

FROM FOREIGN OFFICE TO ALGIERS (AMBASSADOR)

No. 465
12th May, 1944 D: 3. 10 p.m. 12th May, 1944

p p p

Your telegram No. 536 paragraph 1 [of May 7th: restrictions on diplomatic communications].

I cannot help thinking that the French authorities are deliberately putting their case before the world in its most unfavourable light instead of trying by an attitude of helpfulness and co-operation to assist us in our search for some arrangement which would satisfy their legitimate essential needs without impairing the principle of no uncensored communications.

2. It is of course true that the Committee has been treated on the same footing as all neutrals; but so also have China and our other Allies such as Poland, Holland and Norway, and I cannot believe that the Committee seriously consider that they either should or could have been given more favourable treatment than these. The French might, moreover, have been expected to have understook and appreciated the vital importance of not omitting any precaution which might help to secure the necessary secrecy of the operations in which they, more perhaps than anyone, are so immediately concerned.

3. As regards (c) the French have no cause for complaint. All communications between London and France are already carried by British channels and their contents are known to us. There is therefore no reason, except an entirely misplaced sense of amour propre, why they should not avail themselves of the arrangements which were worked out between ourselves and Colonel Passy [my telegram No. 440].

From all this I can only conclude that the French are either deliberately trying to blackmail us into making concessions or else are prepared to sacrifice their own real interests and those of us who are concerned with trying to assist them in their struggle for the sake of their outward dignity.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Yugoslavia

OUTWARD TELEGRAM

C222894

R.7199/197/G.

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] WAR CABINET DISTRIBUTION
FROM FOREIGN OFFICE TO ALGIERS(RESIDENT MINISTER)

No. 1007.

12th May, 1944. D. 5.35 p.m. 12th May, 1944.

****

IMPORTANT.

Your telegram No. 657.

Yugoslav ex-Italian prisoners should be given option of serving Tito in any capacity. They can be sent to join Tito provided that Allied Force Headquarters can make necessary arrangements as regards training, transport and equipment. It is for military authorities to decide how optants can best be employed in Partisan forces bearing in mind great importance that Partisan Air Force should be British trained.

2. Please consult Allied Force Headquarters and report what plans they propose for utilising optants in Partisan forces more particularly in Partisan Air Force.

(O.T.P)

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Prisoners-of-War

C222895

AMENDED DISTRIBUTION (15.5.44)

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

[CYPHER] WAR CABINET DISTRIBUTION

FROM BERNE TO FOREIGN OFFICE

Mr. Norton
No. 2070

D. 5.06 p.m. May 12th, 1944.
R. 12.20 a.m. May 13th, 1944.

May 12th, 1944.

b b b b

IMPORTANT

Report of Mr. Gabriel Naville, Swiss Camp Inspector to Stalag Luft 3 on 17th April and 18th April has just reached me. He states that on arrival he was officially informed by the camp commandant of the escape of 76 R.A.F. officers on 25th March by means of a tunnel.

Camp Commandant stated that in subsequent investigation a list was found of 190 officers for participation in this escape. 15 escapers had been recaptured and brought back to the camp where they were punished by 21 days arrest: commandant has been informed that 47 had been killed, some while offering resistance on recapture, and others on a new attempt at escape after capture: 14 were still at large.

When questioned by camp visitor, camp commandant declared that he could add nothing to the statement made by higher authority concerning the death of 47 officers.

My immediately following telegram shows

(1) names of escapers reported by German authorities as having been killed

(2) names so communicated as being still at large.

According to information received by the camp visitor from prisoners, Day, Dodge, James and Long are believed to have been recaptured.

Camp visitor adds that the death of 47 comrades caused great consternation in the camp. Senior British officers consider that the German account cannot correspond to the facts because all officers are well aware of how to act on escaping, and that resistance is quite useless: no escaper from this camp had previously resisted capture. It was of course conceivable that a few might have resisted, but in the officer's opinion it was absolutely impossible that so many should have done so: even in that case not all would have been killed. Further recaptured escapers declared that some 30 fellow escapers were seen leaving Gorlitz prison on a lorry, handcuffed under heavy escort of civilian

police/

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222896

police. They therefore consider it most improbable that any of these should have been killed during a further attempt at escape and suspect that the 47 escapers recaptured were summarily executed by the Gestapo.

Senior British Officer specially asked camp inspector to inform His Majesty's Government that all concerned volunteered to escape and none were ordered to do so.

Immediately on receipt of this report the Head of Special Division of Swiss Legation in Berlin personally approached the Head of the Legal Division of the German Ministry of Foreign Affairs emphasising the necessity for a searching enquiry in view of the heavy loss of life and expressing great surprise that so great a number should have resisted arrest and been killed since they were all fully aware of how to act on recapture. He insisted on the necessity of a pronouncement by the German Government itself in view of the gravity of this matter, especially having regard to the fact that the Swiss Legation had received no communication from the Ministry of Foreign Affairs although the event was already more than a month old. Head of Legal Division declined to express any opinion but took notes and promised to reply.

In view of the grave nature of this case, it would be helpful if you would instruct me to request Protecting Power to take up this matter at the highest possible level in Berlin and press strongly for an immediate official statement on behalf of the German Government.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

U.S.A

C222897

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on.]

[CYPHER]

WAR CABINET DISTRIBUTION

FROM WASHINGTON TO FOREIGN OFFICE

Viscount Halifax,
No. 2495
12th May 1944

D. 9.54 p.m. 12th May 1944

R. 7.15 a.m. 13th May 1944

IMMEDIATE.

Your telegram No. 1300 to Moscow.

I learn from the State Department that the following have been chosen to represent the United States on ad hoc Committee to discuss European inland transport: Mr. Hooker, executive assistant to Mr. Berle, Mr. William Radius of Communications Division of State Department, General Sturtevant of War Department. Mr. Radius has been making a special study of European transport, power, etc. problems in interim period.

2. State Department tell me that Americans are ready to proceed to London at a few days notice as soon as official invitation is received from you.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222898

(THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT)

S E C R E T

P.M.M.(44) 13th Meeting

COPY NO. 3

MEETING OF PRIME MINISTERS

MINUTES of a Meeting held at 10, Downing Street, S.W.1, on FRIDAY, 12TH MAY, 1944, at 11.0 a.m.

PRESENT:

The Rt. Hon. C.R. Attlee, M.P.,
Deputy Prime Minister of
the United Kingdom
(In the Chair)

UNITED KINGDOM

The Rt. Hon. Ernest Bevin, M.P., Minister of Labour and National Service.

The Rt. Hon. Oliver Lyttelton, M.P., Minister of Production.

The Rt. Hon. Lord Woolton, Minister of Reconstruction.

The Rt. Hon. Viscount Cranborne, Secretary of State for Dominion Affairs.

Colonel The Rt. Hon. Oliver Stanley, M.P., Secretary of State for the Colonies.

The Rt. Hon. Richard Law, M.P., Minister of State.

Sir Eric Machtig, Permanent Under Secretary of State, Dominions Office.

CANADA

The Rt. Hon. W.L. Mackenzie King, M.P., Prime Minister of Canada.

Mr. Norman A. Robertson, Under Secretary of State for External Affairs.

COMMONWEALTH OF AUSTRALIA

The Rt. Hon. John Curtin, M.P., Prime Minister of the Commonwealth of Australia.

Sir Frederick Shedden, Secretary of the War Cabinet War Council and Department of Defence.

NEW ZEALAND

Mr. A.D. McIntosh, Secretary of the War Cabinet and Secretary of External Affairs.

UNION OF SOUTH AFRICA

Field Marshal The Rt. Hon. J.C. Smuts, M.P., Prime Minister of the Union of South Africa.

Mr. D.D. Forsyth, Secretary for External Affairs.

SOUTHERN RHODESIA

Sir Godfrey Huggins, M.P., Prime Minister of Southern Rhodesia.

SECRETARIAT

Sir Edward Bridges, Sir John Stephenson } Joint Secretaries.

Mr. W.A.W. Clark

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

1. POST-WAR EMPLOYMENT PLANS

MR. BEVIN gave an outline of the U.K. Government's plans for the re-allocation of man-power between the forces and industry during any interim period between the end of hostilities in Europe and the defeat of Japan.

MR. LYTTELTON described the steps being taken to estimate the man-power requirements of industry during the continuance of the war against Japan.

THE DOMINION PRIME MINISTERS thanked Mr. Bevin and Mr. Lyttelton for their statements and expressed the view that the plans could be regarded as very satisfactory.

MR. CURTIN called attention to Australia's immediate man-power problems and stressed his Government's desire to obtain the earliest possible information and advice regarding the contribution in fighting forces which Australia was expected to make in the war against Japan and the demands which Australia would be called upon to meet in respect of the supply and maintenance of other forces. He pointed out that the continued supply of foodstuffs to the United Kingdom from Australia was dependent on the answer to these problems.

FIELD MARSHAL SMUTS commented on the difficulty of making any accurate forecast as to the out-turn of the war; he thought it might be a mistake to assume that the war against Japan would necessarily outlast the war against Germany by any considerable period.

2. MIGRATION

LORD CRANBORNE recalled that in a dispatch of April, 1943, Dominion Governments had been asked whether, in principle, they would wish to co-operate with the U.K. in a policy of Government-assisted migration, and particularly whether they would wish to encourage migration of demobilised service personnel from this country. The United Kingdom Government realised the difficulties of Dominion Governments in considering this question in advance of arrangements for dealing with their own personnel on demobilisation and in the absence of a clear picture of the future prospects of employment and trade after the war. But there was considerable pressure in the United Kingdom, both in Parliament and outside, for a declaration of policy, and he hoped that the Prime Ministers would accept in principle the idea of co-operating in some form of Government assistance to migration. In that case they might be prepared to agree that possible arrangements, including the difficult question of transferability of social security benefits, should be examined between officials, with a view to subsequent consideration by Governments.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

MR. BEVIN referred to a possibility, which he had been revolving in his mind, of whether certain United Kingdom forces could be stationed in peace time in the Dominions to facilitate training. He felt that this would foster the idea of the unity of the British Commonwealth and might appeal to Dominion Governments; it would in his opinion certainly result in an increase in migration to the Dominions.

The meeting agreed to Lord Cranborne's proposal for an examination on the official level of possible arrangements for migration, on the understanding that the results would be for consideration by Governments and that the Governments were in no way committed.

A full account of the discussion on these two subjects is being circulated separately.

Offices of the War Cabinet,
S.W.1.

13TH MAY, 1944.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

The circulation of this paper has been strictly limited.

It is issued for the personal use of Prime Minister of Canada

TOP ~~MOST~~ SECRET.

Copy No. 4 (dup)

P.M.M. (44) 13th Meeting, 12th May 1944

C222901

CONFIDENTIAL ANNEX, MINUTE 1

POST-WAR EMPLOYMENT PLANS

MR. ATTLEE invited Mr. Bevin to make a statement regarding the United Kingdom Government's post-war employment plans.

MR. BEVIN said that he would deal first with the arrangements which the United Kingdom Government proposed to put into operation during the war against Japan after the defeat of Germany. The change of emphasis in our war effort, which the Japanese war would call for, presented certain difficulties. Against Germany we were compelled to put a large army into the field. The prosecution of the war against Japan would on the other hand call for a preponderance of naval and air forces. The United Kingdom Government had decided not to make use of the term "demobilisation" during the continuance of the war against Japan. It was instead proceeding on the basis that a re-allocation of manpower between the forces and industry would take place. It was important that this idea should be fostered, to avoid possible discontent amongst members of the forces who would be employed in the Far East. With this object in view the United Kingdom Government had therefore carried a Bill through Parliament giving all men and women in the Armed Forces a right to reinstatement in their civilian employment, even though the employer might have found it necessary to engage a substitute during the transition period. General demobilisation would not take place until Japan had been defeated.

Some re-orientation of industry would be effected when Germany had been defeated, but until the precise nature of the military requirements for the conduct of the war against Japan were known it was difficult to forecast the extent to which this could be achieved. Military requirements would, of course, over-ride all other considerations.

During the interim period, the National Service Act would remain in force. The call-up of men to the forces would proceed and it was hoped to release for service in the forces numbers of younger men who had hitherto been reserved or deferred. Men re-allocated to industry from the forces during the transition period would be divided into two classes. The Government believed that a fair and reasonable scheme could best be secured on the basis of release according to length of service and age, but recognised that it would also be necessary to make a limited provision for certain urgent reconstruction work on which a beginning must be made in the interim period.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Those selected for release from the forces according to length of service and age would form Class A. Their numbers would correspond to the reduction in the strength of the forces and would be increased in consequence of the calling up of further new recruits. Men would be released in groups on a basis which combined length of war service and age. The exact weight to be given to age and how many years of age were to be regarded as equivalent to how many months of service, would be settled nearer the time. If the scheme had to operate to-day the proposal was that two months of service should count as one year of age, so that, for example, a man of 22 years of age with 4 years' service would be in the same release group as a man of 40 years of age with one year's service. Men selected from the forces for re-allocation to urgent reconstruction work could form Class B. This class would also include a limited number of individual specialists. The number of transfers in it would be small in proportion to the releases in Class A. Additional new recruits would be called up to offset the men released in Class B.

It was essential to the scheme that there should be a clearly marked difference in the treatment of the men released in Class A in their turn, and the men transferred in Class B out of their turn. Men in Class A would be placed in a special reserve category from which they would be recalled only in an extreme emergency. They would be permitted to exercise their reinstatement rights and go back to their old jobs; in other words, they were virtually free to return to civil life. They would be given eight weeks' leave with full pay and allowances, plus further regular payments at full Service rates and allowances for a period assessed in respect of foreign service. War gratuity and post-war credits (on account of income tax) would be placed to their credit in the Post Office Savings Bank, in the hope that this would encourage men to leave most of their "nest egg" untouched.

Men in Class B would be placed on the reserve from which they would be recalled individually to the forces if they discontinued their reconstruction employment. They would be given a transfer grant of three weeks' pay and allowances. Their post-war credits and any other payments due would be held in suspense until the end of the war. Men selected for transfer in Class B would not be transferred against their wish. It would be open to them, if they so desired, to await their normal turn for release in Class A.

By these means it was hoped to carry the acceptance and goodwill of the forces and the public.

Mr. Bevin added that an aspect to which he would return later in discussion was the possibility of settlement overseas of men demobilised from the United Kingdom forces.

MR. LYTTELTON said that Mr. Bevin had referred to the difficulty of estimating the requirements for the continuation of the war against Japan. The United Kingdom authorities concerned had been studying these during the last four or five months. These studies included examination of the nature and quantity of special weapons which would be required, the extent of the forces which, having regard to physical limitations,

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

could be deployed, and the quantity of munitions we could rely on receiving from overseas. At present approximately 40 per cent of our munitions requirements came to us from the United States and the Dominions, and he hoped that at least the same proportion would continue to be received after the defeat of Germany. The results of these studies should be available within the course of the next few months.

MR. MACKENZIE KING thanked Mr. Bevin for his extremely interesting account of the plans which had obviously been prepared wich such care and forethought. He said that the Canadian Government, whose officials had been in close touch with the United Kingdom authorities, were working on parallel lines and had reached very much the same conclusions. As regards the possibility to which Mr. Bevin had referred of the settlement in the Dominions of demobilised United Kingdom personnel, he feared that public opinion in Canada at any rate would be difficult to convince. Until men demobilised from the Canadian forces had all been re-established in civilian employment, the arrival in the country of immigrants on any large scale might be misunderstood.

MR. CURTIN said that he had listened with interest to Mr. Bevin's account. Australia could not however look forward to making similar plans for some considerable time. Her whole efforts were still directed to the prosecution of the war in the Pacific. As the United Kingdom authorities were aware, the Commonwealth Government had been engaged for some time in study of the manpower problem which had arisen on account of the conflicting demands of the Australian forces for replenishment, the United States forces for supply and maintenance and the United Kingdom for agricultural products. The Commonwealth Government had been forced to contemplate a re-allocation of its man-power, not on account of any transition period, but because of the dictates of the war situation with which this country was faced. His Government found it extremely difficult to take decisions in the absence of firm estimates of the demands they were likely to be called upon to fulfil and of the fighting forces which they would be expected to maintain in the field. These questions had been raised in the telegram which he had addressed to Mr. Churchill in October last, to which a reply was still awaited. Since then the position had been further complicated by the receipt of additional requests, e.g. for the manning by Australia of additional R.N. ships. The situation was an unhappy one and he greatly hoped that it would be possible to let him have at an early date, an indication of the contribution in fighting forces which his country was expected to maintain and of the supply and maintenance facilities which it would be expected to provide for other forces. The continued supply of agricultural products to the United Kingdom was dependent upon the nature of the answers given to these questions.

Mr. Curtin went on to comment that the proposals outlined by Mr. Bevin conveyed to him the impression that the United Kingdom authorities contemplated a lengthy transition period and a small military, as opposed to naval and air, contribution to the prosecution of the war against Japan.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

The suggestion that men who had served for long periods should be replaced in the United Kingdom forces by fresh recruits, would, in his opinion, involve further delay in the impact against the Japanese enemy. Even the soldier seasoned in European warfare required at least six months training and acclimatisation for jungle fighting.

MR. ATTLEE explained that until the requirements for the continuation of the war against Japan and for the garrisoning of occupied countries were definitely known, it was impossible to determine the level at which the armed forces would have to be maintained. The United Kingdom Government anticipated, however, that taking the armed forces as a whole, considerable re-allocation between them and industry might be possible. As Mr. Bevin had pointed out military requirements would over-ride all other consideration and the primary objective in our minds was to make the maximum contribution we could to the defeat of Japan. MR. BEVIN added that it must be obvious that it would be physically impracticable to ship an army of three million men to the Far East. It would be wasteful to retain them all in the services. The plans he had outlined for the transition period were primarily designed to make use of the surplus which would be available.

MR. CURTIN said that he did not wish to be interpreted as in any way objecting to the proposals for re-allocation between the forces and industry, but he hoped that the necessity for retraining under suitable conditions would not be overlooked and that the detailed examination of his country's manpower problems would be prosecuted with expedition. He realised that an operation on the scale of OVERLORD could not be undertaken simultaneously with operations on a similar scale elsewhere. An early conclusion to the war depended upon success in OVERLORD and he would not suggest that the scale of effort devoted to it should in any way be weakened.

FIELD MARSHAL SMUTS said that he thought that the plans which Mr. Bevin had outlined were a tremendous improvement upon what had been done in 1918 and 1919. The military effort of South Africa in the war in the Pacific would be negligible, but part of the S.A.A.F. might perhaps participate. He thought that any forecast regarding the length of the war against Japan must at the moment be entirely speculative. He felt that provided the maritime strategy was successul the end might not be long delayed. Enormous areas, which it would take months or years to fight through on land, could be by-passed by naval power and it might be possible to bring the Japanese fleet to action at quite an early date. A crushing defeat of the Japanese fleet would make it impossible for Japan to continue the struggle.

Offices of the War Cabinet, S.W.1.

13TH MAY 1944.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Salvado

C222905

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

[The text of this telegram must first be paraphrased if communicated to persons outside British or United States Government service or if retransmitted in a cypher system other than O.T.P.]

[CYPHER] POLITICAL DISTRIBUTION

FROM SAN SALVADOR TO FOREIGN OFFICE

Mr. Stadler
No. 65
12th May 1944

D. 4.34 p.m. 12th May 1944.
R. 4.10 a.m. 13th May 1944.

Repeated to Washington.
Mexico.
Guatemala.

Z-Z-Z-Z-Z

MOST IMMEDIATE

My telegram No. 64.

I have today received official communication from Minister for Foreign Affairs, Dr. Julio Enrique Avila informing us that National Assembly elected General Andres Ignacio Menendez as President of Salvador in accordance with the Constitution on May 9th and confirming his own appointment as Minister for Foreign Affairs.

2. American Ambassador informs me that he has asked Washington for immediate recognition. In view of this and in order to avoid offending the new Government (which is in power by the will of the people) by delaying recognition after the United States Government grant same, I should be grateful for instructions as soon as possible to inform new Salvador Government of recognition by His Majesty's Government.

Foreign Office please repeat to Ottawa as my No. 10.

[Copies sent to Cypher Section Dominions Office for repetition to Ottawa].

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222906

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] WAR CABINET DISTRIBUTION

FROM TANGIER TO FOREIGN OFFICE.

Mr. Gascoigne.
No. 175. D. 2.10 p.m. G.M.T. 12th May, 1944.

12th May, 1944. R. 4.40 p.m. D.B.S.T. 12th May, 1944.

Repeated to Madrid No. 150,
Tetuan Saving.

****

IMMEDIATE.

My telegram No. 173 paragraph.

Head of Spanish Diplomatic Cabinet asked to see me urgently this morning and spoke as follows.

2. Ten minutes after he had informed me of notification made by Germans he had announced this to General Orgaz in Tetuan by telephone. General Orgaz's comment was "Tell no one and do nothing".

3. Signor Castillo again warned me that although General Orgaz would be forced to take action in the end, he would go as slowly as possible about it (unless possibly pressure was brought to bear upon him in Madrid) in order to produce a complete anti-climax.

4. Signor Castillo furthermore stated that the longer the matter dragged on the stronger the reaction would be in Tangier and I quite agree, although I do not believe that there will be actual disturbances - possibly a lot of violent comment and a street brawl or two engineered by Germans and implemented by Fascist Republicans and Falangists.

5. My United States colleague is seeing General Orgaz this morning and I am meeting the latter tonight at a public ceremony in Tangier so I hope there may be some developments by [sic] pursuant upon pressure that Yencken will have put on General Jordana in Madrid.

6. Please do not mention Signor Castillo's warning to any Spanish officials. While fully realising that in the circumstances of his present relations with Orgaz Castillo is out to "get" the latter there seems no doubt that Orgaz has gone slowly and will continue to go slowly with a view to assisting his German friends and ridiculing us.

(O.T.P)

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222907

[CODE (R)] WAR CABINET DISTRIBUTION

FROM ALGIERS (AMBASSADOR) TO FOREIGN OFFICE.

Mr. Duff Cooper
No. 559
12th May, 1944

D. 3.16 p.m. 12th May, 1944
R. 6.15 p.m. 12th May, 1944

kkkkk

IMMEDIATE

My telegram No. 552.

Derrien was this morning found guilty by Military Tribunal and sentenced to imprisonment for life.

See my immediately following telegram.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222908

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

[CODE R] POLITICAL DISTRIBUTION

FROM ALGIERS (AMBASSADOR) TO FOREIGN OFFICE.

Mr. Duff Cooper, D. 11.50 p.m. 12th May 1944
No. 562
12th May 1944 R. 7.30 a.m. 13th May 1944

IMMEDIATE

Opening the debate on Foreign Affairs on May 12th Massigli said that during the last session in November he had already indicated evolution in the attitude of the Allies towards F.C.N.L. The recent declarations by Mr. Hull and himself show how much this evolution had tended to crystallise despite certain prejudices and hesitations. The Allies henceforward recognise in the Government of France at war natural defenders of French interests. No doubt the feats of French arms had been the cause of this evolution as also had the attitude of the Empire grouped together in the struggle for liberation of the invaded mother country. The growth of international prestige of F.C.N.L. was evident also in the development of its diplomatic relations; France was admitted to conferences on post-war questions; old friendships were being resumed notably with Czechoslovakia; new ties were being formed. The foreign policy of France was marked by achievements: the agreement with Great Britain and Canada; commercial conventions with Spain and Portugal; in Washington conventions were being studied to prepare for the reconstruction of France. When, on April 9th Mr. Hull proclaimed that the civil administration of France would remain in the hands of Frenchmen he drew his conclusions from negotiations which had been undertaken and conventions which had been concluded. The declarations of British Allies conformed with that of Mr. Hull. Without doubt these declarations had contained reservations but that which had not been granted to the French to-day would be granted tomorrow. More and more the governmental prerogatives of F.C.N.L. were being recognised. The revision of Darlan-Clark agreements had not perhaps been followed up as rapidly as might be desired. Time pressed however on the eve of decisive military operations. None the less a solution which would take into account events which would shortly take place on French soil, would no doubt soon be found.

2. Massigli affirmed that his sincere statement should not be taken either as a reproach or a desire for vain recrimination against the Allies. He wished merely to justify the importance of the role which France must naturally play again in the establishment of peace and reconstruction of Europe.

3. He then spoke of the happy development of Franco-Soviet relations and declared France wished that countries of Europe which had suffered misfortune of war should tighten the bonds of friendship which united them to France. French foreign policy had always been the policy of uprightness. Clarity, frankness and loyalty were the best diplomatic weapon. Trickery and Machiavelism had never served

French....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222939

French policy. Italian policy had been the subject of full written discussions. The changes in composition of the Government of Salerno were not sufficient to justify a change of attitude towards Italy seeing that the government of Badoglio had not even repudiated aggression of 1940 nor the armistice which followed.

4. After the war the question of Franco-German relations would remain essential. It was impssible to conceive that conditions of armistice imposed after this war could be established without the participation of France. The defeat of June 1940 which French had suffered and which would have been the fate of any other nation placed in the same geographical position should not allow her sacrifices and feats of arms to be forgotten. Once France was liberated F.C.N.L. would no longer appear merely as an organ with a vocation to represent France but as the Government of the nation which was still a great power. On the eve of liberation he hesitated to use the word peace or give a definition of organisation of post-war world. However, France could as from now make her opinion heard. Peace would not be established without delays; treaties should not be hastily put together as they had been in 1919; the peace should not repeat the errors of the inter war period; for France had weighed the inadequacies of the legal formulaes of Geneva. However the future peace could not strengthen the role of "directeurs" of certain Powers which hold a leading place in the war; if such "directoire" had to be established France would have to be admitted to it. But great obstacle to peace would be the affirmation of sovereignty of the Great Powers. So that peace might reign the Great Powers themselves would also have to submit to the rules which were its foundation.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Turkey

C222910

AMENDED DISTRIBUTION (13th May, 1944)

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on.]

[CYPHER] WAR CABINET DISTRIBUTION

FROM ANGORA TO FOREIGN OFFICE

Sir H. Knatchbull-Hugessen.
No. 735.
12th May, 1944.

D: 9.34 p.m. 12th May, 1944.
R: 9.05 a.m. 13th May, 1944.

Repeated to: Washington and
M.E. Min. Saving.

@@@ @@@ @@@

IMPORTANT

TOP SECRET

My telegram No. 644.

German Ambassador returned and saw the Minister for Foreign Affairs on May 11th.

2. The Minister for Foreign Affairs gave me this morning copy of note handed to him by Herr von Papen. Translation in my immediately following telegram.

3. After handing over the note the German Ambassador asked what intentions of the Turkish Government were as to paying for the goods already delivered in expectation of chrome. The Minister for Foreign Affairs said he did not intend to pay cash. Herr von Papen pressed that chrome should be delivered up to outstanding amount of German deliveries. The Minister for Foreign Affairs refused. The German Ambassador then pressed for other goods. The Minister for Foreign Affairs finally promised to examine the position.

4. The interview was of course somewhat heated. The German Ambassador is to see the President. The Minister for Foreign Affairs told me that his intention is to give him a review of the present European situation and to renew his formal protest against the chrome decision.

5. See my telegram No. 735.

[Copies sent to Mr. Wiltshire.]

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[THIS TELEGRAM IS OF PARTICULAR SECRECY AND SHOULD BE RETAINED BY THE AUTHORISED RECIPIENT AND NOT PASSED ON]

AMENDED DISTRIBUTION
(13th May, 1944)

[CYPHER] WAR CABINET DISTRIBUTION

FROM ANGORA TO FOREIGN OFFICE

Sir H. Knatchbull-Hugessen
No. 734
12th May, 1944

D. 9.37 p.m. 12th May, 1944
R. 9.05 a.m. 13th May, 1944

Repeated to Washington and
M.E. Min Saving

ddddddd

IMPORTANT

My immediately preceding telegram.

Following is translation of note.

The Government of the Reich have learnt from declaration of Turkish Minister for Foreign Affairs before the Grand National Assembly on 19th April that the Turkish Government have forbidden unilaterally and with immediate effect the export of chrome to Germany. The Government of the Reich take note that this act signifies a breach of the agreement of 9th October 1941 and is contrary to the repeated assurances of the Turkish Government. By this method of procedure the Turkish Government infringed the principle of good faith, which must form a basis of every contractual engagement, especially as Turkey has received the Reich's counterpart of chrome deliveries namely deliveries of war material which were agreed in agreements of 9th October 1941, and 31st December 1942.

2. Even for a "non-belligerent" nation, as the Turkish Government defines the position of their country in the present war, international law does not give the slightest justification for unilateral denunciation or even the rupture of treaties regularly concluded. The behaviour of the Turkish Government is therefore also in complete contradiction to the spirit and substance of the Turko-German treaty of friendship which the Government of the Reich have always been particularly careful to safeguard in the mutual interest of the two countries.

3. The Government of the Reich therefore protests formally first against the declaration of the Turkish Government of 19th April and further reserves all rights accruing from the above mentioned agreement.

O.T.P.

[Copies sent to Mr. Wiltshire]

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222913

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

[CYPHER] WAR CABINET DISTRIBUTION

FROM ANGORA TO FOREIGN OFFICE

Sir H. Knatchbull Hugessen. D. 9.38 p.m. 12th May 1944.
No. 735. R. 3.30 p.m. 13th May 1944.

12th May 1944.

Repeated to Washington
and M.E. Min.

0:0:0:0

IMPORTANT

My telegram No. 733.

I remarked to Minister for Foreign Affairs that he was in an awkward position. Germany was pressing for delivery of other goods of strategic importance both in place of chrome and on basis of renewed Clodius agreement. We on the other hand were pressing for complete cutting off. I did not think that His Majesty's Government would be satisfied with his suggestion of the reduction to 60% or even 50% of last year's deliveries. Nor could I tell him at present what your reaction would be to Hungarian agreement.

2. Minister for Foreign Affairs argued with some force that chrome decision represented an immense step and begged us to be reasonable as regards other commodities. He again cited Portuguese and Spanish analogies. He said that he would be perfectly prepared in time for an agreement with us detailing all strategic commodities which we had mentioned and fixing what essential goods could be supplied by the Allies to Turkey and what it would be necessary for Turkey to receive from the Axis against compensation in strategic goods. To cut off all these goods to the Axis would mean a rupture of relations.

3. I gave very guarded answer and no encouragement. I reminded him that force of circumstances might compel rupture of trade relations with the Axis shortly as communications might be completely destroyed. Minister for Foreign Affairs said with great emphasis that he only wished we would do this. Such action would have his blessing.

[Copies sent to Mr. Wiltshire]

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER]

WAR CABINET DISTRIBUTION

FROM MADRID TO FOREIGN OFFICE

Mr. Yencken
No. 745

D. 2.30 p.m. 12th May, 1944.

12th May, 1944.

R. 9.5 p.m. 12th May, 1944.

Repeated to Tangier.

T T T T T

IMPORTANT.

My telegram No, 742.

A high official in the Ministry of Foreign Affairs has informed me confidentially that my conversation with the Minister for Foreign Affairs yesterday had more effect upon him than I probably imagined and that he had immediately after it taken further steps, informant thought in Berlin, to accelerate the closing of the Consulate-General.

Informant said that the reason the Minister for Foreign Affairs had not been able to fix a date was because he was awaiting a decision from Berlin.

Informant added that his advice to the Minister for Foreign Affairs had been that a reasonable date for the closing of the Consulate General would be a fortnight after completion of the agreement and he promised to do everything he could to help. I therefore primed him with suitable arguments.

Repeat to Washington as my telegram No. 202.

[Repeated to Washington under telegram No. 4205].

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Spain

C222914

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

[CYPHER] WAR CABINET DISTRIBUTION

FROM MADRID TO FOREIGN OFFICE

Mr. Yencken,
No.747
12th May 1944

D. 11.05 p.m. 12th May 1944
R. 8.30 p.m. 13th May 1944

Repeated to Tangier

... ...

My telegram No.742

The Minister for Foreign Affairs' statement mentioned in last paragraph of my telegram under reference that no time limit was set up in point 3 of agreement for closing the Consulate and that the word "forthwith" used in your statement in the House of Commons (see your telegram to Washington No. 3,594) does not appear in the text is of course [group undec.? amazing]. Incidentally the word (forthwith) did not occur in the original text of proposed statement given in your telegram No.469 to Madrid.

It is also true that during negotiations General Jordana though he used the word "immediate" in Sir S. Hoare's conversation with him reported in my telegram No.269 paragraph C, mentioned that he said he was to be allowed two or three weeks delay over closing the Consulate in view of inevitable German re-actions over wolfram agreement. He was advised by Sir R. Hoare [sic] in view of the time taken over negotiation not to delay when settlement was reached, but though since receiving your telegram No. 573, I have rained this advice upon him we cannot pin him down on the text of paragraph 3 of the agreement. He obviously feels that pressure being put on him on the point here is unfair and that that put upon General Orgaz has been unhelpful.

Please repeat to Washington as my telegram No. 3.

OTP. [Repeated to Washington as telegram No. 4264]

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222915

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

The circulation of this paper has been strictly limited.

It is issued for the personal use of Prime Minister of Canada (Ottawa)

TOP ~~MOST~~ SECRET.

Copy No. 4

P.M.M.(44) 13th MEETING, 12TH MAY, 1944

CONFIDENTIAL ANNEX, MINUTE 2

MIGRATION

MR. ATTLEE invited Lord Cranborne to make a statement regarding migration.

LORD CRANBORNE said that Mr. Bevin's statement about the United Kingdom Government's demobilisation plans had covered the whole field of transference of the people of the United Kingdom back from war to peace. Mr. Bevin had also touched on one particular aspect of special interest to the Dominions - namely the settlement in the Dominions of demobilized members of the United Kingdom Forces. Lord Cranborne said he wished to speak about the problems of migration rather more generally. After the vast issues with which the meeting had been dealing during the week, this subject might appear a somewhat limited topic. But he believed that it was important that discussion of it should take place and that some progress should, if possible, be made during the present series of meetings. It appeared to him that we were faced with a new situation and new possibilities in this sphere. The prospects of migration from this country to the Dominions had gradually deteriorated in the last fifty years. It was the fashion now to say that the impulse to migrate was generally of romantic origin and sprang from a spirit of adventure. That may have been true in a few cases, but he believed that as a general proposition it was untrue. The main motives which had led men to migrate were poor conditions at home, the pinch of extreme poverty in the days when there was no machinery for its alleviation, and the wide difference between the opportunities that offered at home and in the newer countries of the world. But gradually this incentive had become less so far as this country was concerned. Standards of wages had been raised, social services improved, the risks of life reduced. As a result, the great majority of people in this country, who were conservative by nature, if not in politics, tended more and more to prefer to stay at home and not run the risks of starting entirely afresh. It had looked as if the great period of inter-Commonwealth migration was over. But it so happened that in the last four years a new state of circumstances had arisen favourable to the stimulation of migration. As a result of the war, a large number of people had been uprooted from their homes, the continuity of their lives had been broken and their minds were receptive to the possibilities of establishing themselves elsewhere. Considerable numbers of young people in the course of their training or on their way to or from the various theatres of war, had passed through one or other of the Dominions and liked what they saw there very much. The minds of these

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222916

young people were turning to the possibility of making their lives in these pleasant places. He had had evidence of this from many sources. In a recent letter to him, Lord Moyne had stressed the widespread interest of the troops in the Middle East in the possibilities of migration to the Dominions and there was an urgent demand for information on this subject. But this was a temporary phase as a result of the unsettling effects of war. As soon as these people had returned to this country, settled down and taken up jobs - and there would be plenty of opportunities for employment - they would lose the desire to move. The opportunity of establishing them overseas, if lost, might not recur. He did not know whether the Dominions wanted migrants from the United Kingdom. The matter was one entirely for them, but if they did, he would suggest they should strike now while the iron was hot. The two years after the cessation of hostilities would be the psychological moment. After that the possibilities of obtaining migrants would not be so good. The United Kingdom authorities were at present deluged with enquiries, both in Parliament and outside, about the Government policy towards migration, and had been unable to give any information. Over a year ago, he had sent a despatch to Dominion Governments giving the main headings of the problem and seeking their views. So far, no definite indication of the Dominion Governments' views had been received. He did not complain about this, as the Dominion Governments were faced with the same demobilisation problems as the United Kingdom. Moreover, they were no doubt uncertain about the post-war economic situation and the prospects of employment in their own countries. But he felt that it was urgently necessary to look, if not at the long-term arrangements, at least at the immediate problem arising on demobilisation and decide where we stood. Clearly, the question required considerable preliminary study. Migration imposed a double obligation, on the country which sent the migrant and on the country which received the migrant. There must be some assurance, before the individual set out, that he would find suitable employment when he arrived. Any serious failure to do so would prejudice the flow of future migrants and cause distress and friction on both sides.

This raised the question what type of men and women were required; did the Dominions want industrial or agricultural types or both? Another problem of considerable importance was the bearing of migration on social security arrangements. The important point was to avoid a gap without security while the individual transferred from one scheme to another. The United Kingdom authorities were already looking into this matter for their part, but it was essentially one for joint expert examination. He understood that Mr. Bevin, who had long experience of this type of problem, thought it not insoluble. He did not wish to suggest that the Prime Ministers should tackle such questions in detail at the present series of meetings, but he would like, if possible, to make some progress on the subject. He would suggest, with all diffidence, that the Prime Ministers might agree

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

that further discussions should take place on the official level as soon as they could conveniently be arranged, with the object of formulating practicable arrangements, on the understanding that these arrangements were for the consideration of Governments and that no Government was thereby committed. As he had said, this question was one even more for Dominion Governments than for the United Kingdom. If these young people did not leave this country the United Kingdom authorities would not be broken hearted. The birth-rate in the United Kingdom was falling and it was arguable that we could not afford to lose good young men and women in any large numbers. But if they wanted to go and the Dominions were ready to take them, he felt that it would surely be wrong to discourage them. Moreover, the interchange of British blood between one part of the Commonwealth and another must tend to strengthen the whole and to multiply the links that bound it together. It was in that spirit that he raised the subject and he would be very glad to hear the views of the Prime Ministers, particularly on the question what answer could be given to enquiries from the public in the United Kingdom in the near future.

MR. BEVIN said that in the past unemployment had made present in everyone's mind the necessity of finding a solution by creating employment or seeking it anywhere. That had been an incentive to migration. But, if plans for full employment in the United Kingdom in the post-war period were successful, that incentive would vanish. A new factor which, in his opinion, had arisen was defence, a subject so very present in our minds at present. The character of war had changed and new weapons and training methods called for greater facilities than could be provided in the United Kingdom and he had been revolving in his mind the possibility of training British forces overseas in areas where there were not the same limitations of space. He felt that such a plan would assuredly stimulate migration, bind closer the links between the United Kingdom and the Dominions and do much to promote the common understanding and knowledge of one another's problems. Upon completion of a training period or period of service in a Dominion, a young soldier might be allowed to settle there permanently, whilst remaining on the United Kingdom reserve or joining a Dominion reserve. Under such a scheme the British Commonwealth would be assured of a trained reserve of men in each of the countries which comprised it. Opportunity should also offer simultaneously for the development of industrial potential for defence purposes in the different parts of the Commonwealth, and provide an impetus to inter-Commonwealth trade. As regards social security contributions and benefits, he would suggest that the simplest possible solution should be sought. From his experience in the past, he thought that the most practicable arrangement would be for the United Kingdom to continue to bear a man on the United Kingdom scheme, to which he had contributed, for an agreed number of months, whereafter he could be transferred to the Dominion scheme. It should not be a serious deterrent that the benefits were not the same in each country.

MR. MACKENZIE KING thanked Lord Cranborne for his statement. He thought that one of the principal motives in the past for migration had been the hope of parents that they would secure better opportunities for their children in a new country, and that, in the case of migrants from countries on the Continent of Europe, they would escape the perpetual threat of war. In the United Kingdom there had been perhaps, too, some desire to get away from a certain measure of class distinction. He realised that this no longer held good. Nowadays young people tended more and more to work out their own future for themselves.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

They were not afraid to take risks and he had no doubt that they would wish to migrate in large numbers, if allowed entry into the Dominions. Speaking personally, he did not think there would be any restrictions imposed in Canada on the entry of migrants from British stock, if they were in a position to look after themselves and not become a charge upon public funds. But one of the main fears in people's minds was the recurrence of a post-war depression and unemployment. For this reason, despite Canada's need to populate her vast territories, he feared that it would be difficult to secure wholehearted public backing for immigration on a large scale in the immediate post-war period. Until local problems of re-establishment of demobilised personnel in industry had been solved, any large flow of migrants might cause friction. A minor point which he thought should be watched was the trouble which had arisen in the past from the activities of transportation companies who tended to encourage migration for the sake of their own immediate profits. He was entirely agreeable to the suggestion that the problems involved, including the question of Government-assisted migration generally, should be examined between officials on the understanding that no Government was thereby committed. As regards Mr. Bevin's suggestion, he doubted whether any scheme for migration which was designed primarily to achieve military purposes would be favourably received. He had prepared a document setting out the position as regards his Government, which had not yet had an opportunity of making more than a very preliminary study of post-war economic and social problems. /This appears as Appendix I/.

An interesting point was that since the Dominion of Canada had been established in 1867, the number of emigrants from Canada to the United States had approximately equalled the number of immigrants into Canada from elsewhere. The flow into the United States generally occured during periods of depression, when people were attracted by the greater possibilities of trade in that country, which was probably the largest area of free trade in the world.

MR. CURTIN said that he found himself in agreement with almost all that Lord Cranborne had said and that, for their part, his Government would welcome the opportunity to take as migrants demobilised personnel from the United Kingdom forces. He would table a full statement of his Government's views. /This appears as Appendix II, and includes separate notes on Child Migration and Maltese Migration/. As regards the ideas Mr. Bevin had thrown out, he agreed that defence was a primary consideration in everyone's mind and thought that, generally, his Government's reaction would be that suitable migrants of British stock would be a valuable accretion to his country's strength. He agreed with the suggestion that the whole question should be further examined on an official level.

FIELD MARSHAL SMUTS also agreed to exploratory discussions on an official level. The suggestions Mr. Bevin had made raised very wide issues. He would not wish to commit himself at the moment and thought that the issues were such that they should be a matter for consideration between Governments.

SIR GODFREY HUGGINS said that the problem raised rather different issues so far as Southern Rhodesia was concerned. He pointed out that the European migrant in Southern Rhodesia had to fit himself into a quite different economy compared with that of an entirely European country, and that there was not the same scope for the unskilled or untrained man. His Government hoped that a number of men in the R.A.F. would be willing to remain in the country on demobilisation, but the Air Ministry's policy of constant transfers rather militated against this.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

MR. McINTOSH said that he felt certain Mr. Fraser would have no objection to the suggestion that the whole question should be further explored on an official level. He had made a note of views which Mr. Fraser had expressed to him on the subject generally. [This appears as Appendix III].

Offices of the War Cabinet,
S.W.1.

12TH MAY, 1944.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222920

APPENDIX I

Note by Mr. Mackenzie King

MIGRATION

The Canadian Government has not yet been able to give any very serious consideration to questions of post-war immigration policy. We have only been able to spare very modest and limited staff for the preliminary study of post-war economic and social policy and in the list of questions which they have been asked to report immigration policy has not been given very high priority. In the circumstances I cannot usefully attempt to forecast what the position of the Canadian Government will be with respect to immigration after the war.

The task of demobilisation of service personnel and their return to useful civilian employment will be a formidable one in every country and will be probably a slower process than we expect. There are 700,000 men and women in the armed forces of Canada and rather more in civilian war industries who will have to be absorbed again into the productive economy of the country. Plans for demobilisation of service personnel have been pretty well worked out and I think are familiar to the competent departments of the other Governments represented at this meeting, who are working on the same problems. On the civilian side plans for industrial reconversion and transfer of employment are less fully worked out.

The speed and success of such plans for returning people from service and war industries to civilian employment will obviously have a great bearing on any Government's attitude towards immigration proposals during the transitional period after the war. Similarly our attitude towards migration questions is bound to be influenced very greatly by the co-operation we can get from other countries in pursuing an expansionist economic and commercial policy after the war. If we can all work together toward the achievement of full employment and larger real incomes in the framework of a multilateral economic policy which will give larger export opportunities for our more efficient industries we can, I think, count on relaxation of the protective attitudes which incline some elements of our country to view with suspicion plans for encouraging the entry of new workers.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

APPENDIX II

Note by Mr. Curtin

AUSTRALIAN POST-WAR MIGRATION POLICY

1. GOVERNMENT ASSISTED BRITISH MIGRATION TO AUSTRALIA

The questions raised by the United Kingdom Government in Dominions Office despatch D No. 24 of 2nd April, 1943, covering the Report of the United Kingdom Inter-Department Committee on Oversea Settlement on Demobilisation and in Dominions Office cablegram D No. 558 of 19th April, 1944, have been considered by Australia and the following statement of the Government's policy on this subject is furnished:-

(a) The Commonwealth Government will welcome the opportunity to accept British ex-Service men and women, wherever demobilised, and their dependents, for settlement in Australia, provided they are medically fit and otherwise approved by the Australian authorities to be suitable for life in Australia.

(b) The Commonwealth Government also agrees with the proposal that in respect of British Service men and women who are demobilised in Australia with the intention of remaining here, they should retain the right to be repatriated (at the expense of the United Kingdom Government) to the United Kingdom within a period of two years after demobilisation, or, alternatively, their dependents in the United Kingdom may be provided with passages to Australia on the same basis as that applicable to parallel classes of individuals. In such circumstances, the right to free repatriation to the United Kingdom would be forfeited.

(c) With regard to the term "dependents", the Commonwealth Government agrees with the definition recommended by the majority of the United Kingdom Inter-Departmental Committee on Oversea Settlement on Demobilisation, but subject to the understanding that so far as "unmarried wives" and their children are concerned, the High Commissioner's Office in London will have discretionary power to decide whether or not they should be accepted as suitable for Australia.

(d) In the case of a wife who is entitled to a free passage on account of war service, the question whether the husband should also be granted a free passage is a matter for the United Kingdom Government to determine, but the Commonwealth Government would be prepared to accept him as a migrant, provided both husband and wife come up to the required standards as regard medical fitness and general suitability.

(e) The Commonwealth will be prepared to share with the United Kingdom Government on a fifty-fifty basis the provision of assisted or reduced passages to suitable applicants not eligible to participate in the ex-Service free passage scheme. In this regard it is considered that the measure of Government assistance should be such that no approved applicant should be required to pay more than £10 sterling, with proportionately reduced rates for juveniles and children. For example, children under twelve to be

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

carried free, and juveniles over twelve and under eighteen not more than £5 sterling. Further concessions might also be made in favour of married couples with children. (The Commonwealth Government is of the opinion, however, that before there can be any appreciable flow of assisted migration, the present tourist or third class rates must be considerably reduced).

(f) The Commonwealth Government considers that, as a general rule, the granting of free or assisted passages should be confined to persons not exceeding 45 years of age, except in respect of parents nominated by children already established in Australia, in which case the age limit might be extended to 60 years.

(g) The Commonwealth Government concurs in the view that the increase in secondary industries in Australia will offer greater scope for the absorption of industrial workers from the United Kingdom than has been offered in the past, and that land settlement schemes should be regarded as of secondary importance so far as British migration to Australia in the future is concerned.

(h) The Commonwealth Government on its part will be prepared to establish necessary machinery for -

(i) the collection in Australia for dissemination in the United Kingdom and elsewhere of information relating to openings and opportunities for employment in Australia; and

(ii) the selection, medical examination and transportation of approved migrants to Australia.

(i) The Commonwealth will arrange for co-operation with the State authorities and approved voluntary organisations in regard to the reception, placement and after-care of all British migrants where necessary. It is appreciated, however, that many British migrants may enter Australia under the personal nomination scheme whereby the nominator accepts responsibility for reception and after-care.

(j) The Commonwealth Government will provide free rail transport from port of disembarkation to place of employment or destination in respect of all British migrants who receive free or assisted passages, and where necessary, accommodation for a limited period.

(k) It will be appreciated that the extent to which migration to Australia can be promoted will be largely controlled by Australia's absorptive capacity, having regard to the housing situation as well as the economic conditions, and the rehabilitation of our own people engaged in war and war industries.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

(l) The Commonwealth Government is examining the question of reciprocity as regards social services, but attention may be drawn to the recent legislation which provides for unemployment and sickness benefits after one year's residence. Child endowment is also subject to the same residence test.

(m) The foregoing conclusions have been arrived at without prejudice to further consideration which may be necessary in the light of subsequent developments.

The Commonwealth Government places particular emphasis on the provision contained in item (k) of the above statement of policy, relating to the dependence of any scheme of migration on Australia's absorptive capacity and the rehabilitation of Australians engaged in the Services and war industries.

2. CHILD MIGRATION (BRITISH AND WHITE ALIEN)

The policy of child migration to Australia has the warm support of the Commonwealth Government, who are anxious to give effect to it at the earliest opportunity.

As there is reason to believe that comparatively few British children will be available for migration to Australia other than those who come as members of families, it is considered that an effort should be made to secure suitable alien children if available.

It has not been possible at this stage to consider the question in detail, as it will be necessary to undertake much more exploratory work before any decisions can be taken in regard to the migration of war orphans and other children from Europe, particularly as there is no official information on record as to the number or types of children available. It is known that millions of civilians, including children, have been displaced in Europe, and until some kind of order has been restored, it will not be physically possible to make any satisfactory survey.

In these circumstances, the Australian Government have reached the following conclusions on the question of child migration:-

(a) that child migration to Australia be resumed as soon as transport is available;

(b) that in the earliest stages, the Commonwealth look specially to the introduction of selected children from the United Kingdom, both British and alien;

(c) that full use be made of approved voluntary organisations;

(d) that assisted passages be granted to approved British children from the United Kingdom (children under 12 years to be carried free and those over 12 and under 18 years at a cost of £5);

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

(e) that in respect of British children the Commonwealth Government contribute 5/- per week towards the maintenance of each child up to the age of 16 years (in addition to the 5/- per week payable under the Commonwealth Child Endowment scheme which it is suggested be made available from date of arrival), and that the United Kingdom Government be asked to contribute 5/- sterling per week for each child up to the age of 16 years. (In past schemes the Commonwealth and State Governments - (with the exception of Victoria) - each contributed 3/6d per week for each child up to the age of 14 years, but the suggested increased payment by the Commonwealth Government would relieve the State Governments of any maintenance payments);

(f) that consideration be given to requests from State Governments or approved voluntary organisations for contributions towards the cost of erection of any buildings considered necessary to adequately house or train children introduced from overseas;

(g) that no restriction be placed on the type of employment to be followed by these children when they reach working age, each one to be given the opportunity to engage in employment for which he is considered most fitted;

(h) that at the earliest opportunity a complete survey be made by the High Commissioner's Office. London, in conjunction with the Intergovernmental Committee on Refugees of the situation in Europe in regard to the possibility of securing refugee or displaced children for settlement in Australia.

3. MALTESE MIGRATION

Consideration has also been given to the question of Maltese migration to Australia, following the receipt of a note on this subject from the Commissioner for Malta in Australia, in which the hope was expressed that Maltese migrants would be accepted in Australia on the same conditions as other British migrants and afforded the same measure of assistance.

The Commonwealth's policy on this subject is:-

(1) That, for the purpose of admission into Australia, Maltese be placed in the same category as other white British subjects and be eligible to enter Australia subject to:-

(a) sound health;

(b) good character;

(c) possession of a valid British passport issued by the authorities in Malta; and

(d) satisfying the Immigration Authorities on arrival in Australia that they are not likely to become a charge on public funds in Australia.

(2) That the question of granting assisted passages to Maltese migrants be deferred pending further enquiries through the Commissioner for Malta as to whether the Government of Malta and/or the United Kingdom Government are prepared to make any financial contributions towards the cost of passages, and if so to what extent.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222925

APPENDIX III

NOTE BY MR. MCINTOSH SUMMARISING
MR. FRASER'S VIEWS

MIGRATION

The New Zealand Government recognises the importance of having a larger population not only for development of the natural resources of the Dominion, upon which its high standard of life depends, but also for security reasons.

It is however greatly concerned about the economic position in New Zealand itself following the cessation of hostilities and feels unable at present to formulate or consider any plans for large-scale immigration immediately after the war and during the period of demobilisation of New Zealand Armed Forces.

Above all there is an extreme shortage of housing which can only be made good by extensive large-scale building operations.

The Government conceives as its first duty the housing and rehabilitation of New Zealand ex-servicemen and feels that until the tens of thousands of men now serving overseas are suitably provided for it cannot encourage the belief that the country would be in a position immediately after the war to absorb large numbers of immigrants.

If it would be possible under some planned system to bring to New Zealand quantities of machinery for various industrial enterprises then it would certainly be feasible and desirable to bring in skilled operatives and to assure them of good living prospects. One of the main difficulties in this connection will obviously be the desire on the part of the United Kingdom to retain for purposes of its vast national reconstruction needs, the very type of migrant who would be most useful in New Zealand.

Mr. Fraser has made the point in the press and would wish to emphasise again that in any event those who have fought side by side with our own troops and airmen and sailors would be assured a warm welcome in New Zealand when immigration becomes possible.

Concerning the point raised by Mr. Bevin, I would like to mention that Mr. Fraser at his Press Conference last week stated that the New Zealand Minister of Social Security had specially requested him to endeavour to lay the foundation or start the initial stages at any rate of reciprocity in regard to Social Security, Old Age Pensions and other aspects of any scheme arising from or based on the Beveridge Plan. He mentioned the fact that New Zealand already had a reciprocal Pensions Agreement with Australia and there is no doubt that New Zealand Government would regard favourably any proposals to extend this system to other parts of the British Commonwealth.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

[EN CLAIR] POLITICAL DISTRIBUTION.

FROM MOSCOW TO FOREIGN OFFICE.

Sir A.Clark Kerr.
No. 1248.

12th May, 1944.

D. 11.27 p.m. 12th May, 1944.

R. 5.45 a.m. 13th May, 1944.

zzz zzz zzz

Red Star May 11th published article by Hofman entitled "International Survey"

1. Destruction of enemy forces in Tunisia a year ago made Allied military operations in Europe practicable and weakened Hitler's position in Mediterranean. On the eve of the assault from East and West on European fortress it is useful to recall end of African campaign. It was Allies' general rehearsal for invasion of Europe and showed that Allied planning organisation is equal to strategic needs of this war. Decisive part in rapid defeat of enemy in Tunis, and Italy was played by exhaustion of enemy reserves on Soviet front. Germans were still transferring reserves from West to East but situation would change when Anglo-Americans cross channel and after consolidation begin large scale offensive. Invasion would be successful if Allies act with speed and determination as in Tunis.

2. Yugoslav army of liberation was giving substantial help to Russia and Allies by pinning down twenty enemy divisions. Hitlerites and Yugoslav traitors had failed to arrest growth of Tito's army and liberation movement which was becoming more popular among the masses in the Balkans. Yugoslav Nation was trying to widen collaboration with Allied powers.

3. Growing unity between United Nations was spreading fear in disintegrating Hitlerite bloc. In Italy consolidation of nation was continuing. Effort to divide Slav peoples' had failed. Soviet-Czech agreement was landmark in Slav struggle for freedom.

4. Article then referred to economic blockade and criticised recent agreement with Spain and quoted State Department's announcement which said that in view of urgent request by British Government to secure speedy agreement it was an incomplete embargo on wolfram exports. Agreement sanctioned in principle export of raw materials to Hitler. Spanish iron-ore, lead, copper, mercury, were not covered by agreement. Spain could again become channel for American oil supplies to Germany. Such toleration towards Franco cut right across the interests of the United Nations and made easier manoeuvres based on help for Hitler.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

U.S.S.R

C222927

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

[CYPHER]. POLITICAL DISTRIBUTION.

FROM MOSCOW TO FOREIGN OFFICE.

Sir A. Clark Kerr. D. 3.48 p.m. 12th May, 1944. (G.M.T.).

No.1236. R. 6.50 p.m. 12th May, 1944. (D.B.S.T.).

12th May, 1944.

^^^^^^^^^^^^^^^^^^^^

My telegram No.1223.

"Red Star" 10th May contains survey of sources of Germany's oil supplies. Article states that Germany is making great use of neutral countries particularly Spain. This may explain Spanish seizure of Allied oil stores in Tangier. A large part of American press calls for severer measures against Hitler's "neutral" Spanish ally.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

C222928

[EN CLAIR]

POLITICAL DISTRIBUTION

FROM MOSCOW TO FOREIGN OFFICE

Sir A. Clark Kerr
No. 1244
12th May, 1944

D: 11 p.m. 12th May, 1944
R: 1. 20 p.m. 13th May, 1944

p p p

Red Fleet of May 11th contains article by Yermashev entitled "Key to the Black Sea". If Germans were able build strong fortifications it was at Sevastopol. But they did not prevent complete defeat. Who can doubt impregnable German walls in France and the Netherlands will fall when Allies deliver determined blow? Fall of Sevastopol was due largely to weakness of German naval forces. Axis Navy has been unable to give protection to land forces hence Germans could not be evacuated from Tunis and the German fleet failed to prevent British evacuation from Dunkirk. Victory has slipped from Germany's hands - this is the lesson to be drawn from the fall of Sevastopol.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222929

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

[EN CLAIR]

POLITICAL DISTRIBUTION

FROM MOSCOW TO FOREIGN OFFICE

Sir A. Clark Kerr, No.1245
12th May 1944

D. 11.26 p.m. 12th May 1944
R. 6.15 a.m. 13th May 1944

Red Star of May 11th contains article by Ehrenburg contrasting May 1940 with May 1944. Red Army had destroyed those German divisions which invaded France four years ago. France now awaited final outcome. A year ago the Allies with French liberated Tunis. A year had passed. Prologue had been somewhat drawn out. Russians hoped epilogue would be swifter. Four years ago the British were preparing to leave France, they and the Americans are now prepared for another route.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222930

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

[EN CLAIR] POLITICAL DISTRIBUTION

FROM MOSCOW TO FOREIGN OFFICE

Sir A. Clark Kerr, D. 11.06 p.m. 12th May 1944
No.1246
12th May 1944 R. 5.45 a.m. 13th May 1944

Moscow newspapers of May 11th publish Tass message from London reporting Prime Minister's statement in Commons on supplies to Russia since October 1941.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222930

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

[EN CLAIR] POLITICAL DISTRIBUTION

FROM MOSCOW TO FOREIGN OFFICE

Sir A. Clark Kerr, D. 11.06 p.m. 12th May 1944
No.1246
12th May 1944 R. 5.45 a.m. 13th May 1944

Moscow newspapers of May 11th publish Tass message from London reporting Prime Minister's statement in Commons on supplies to Russia since October 1941.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222931

Commonwealth and World

Editorial from THE TIMES, London, England, Friday, May 12, 1944.

The address which the Prime Minister of Canada, Mr. Mackenzie King, delivered yesterday before the two Houses of Parliament, was the far-ranging estimate of a statesman thinking of the British Commonwealth and the world in world-wide terms.

> I profoundly believe (said Mr. King) that both the security and the welfare of the nations of the British Commonwealth, and, in large measure, the security and welfare of all peaceloving nations will depend on the capacity of the nations of the Commonwealth to give leadership in the pursuit of policies which, in character, are not exclusive but inclusive. . . . So long as Britain continues to maintain the spirit of fredom, and to defend the freedom of other nations, she need never doubt her preeminence in the world; so long as we all share that spirit we need never fear for the strength or unity of the Commonwealth.

These pasages are instinct with the enduring traditions of the British constitution. The doctrine would have been as acceptable to the PITTS or EDMUND BURKE as to MR. KING'S own predecessors, the Prime Ministers of Canada from SIR JOHN MACDONALD to SIR ROBERT BORDEN, and to the Prime Ministers of each of the British nations now meeting in family council in London.

The unity of the Commonwealth and its methods of co-operation, proven, strengthened and given new significance by the common effort of the war, represent, in Mr. KING'S view, though the words he chose were aptly quoted from an address of Mr. CHURCHILL in 1907, "a model of what we hope the whole world will some day become." In Mr. KING'S address, as in that of Mr. CHURCHILL, the Commonwealth and Empire are defined not in terms of a limited association but of the evolution of free nations looking forward "to larger brotherhoods and more exact standards of social justice." Not merely is the security of nations indivisible but also their prosperity; and the nations of the Commonwealth as part of "a larger company" embracing the United States, the Soviet Union, China, France, and all other nations united today in the defence of freedom "must help to fashion a new world order in which social security and human welfare become a part of the inheritance of mankind." In these sentences there is no suggestion of a restricted bloc of British nations seeking to sustain it power in competition with other groups, but a vision of the Commonwealth as the inspiration and precursor of an inclusive and expanding system of free States, sharing the common purposes of security and welfare and serving their own high national interests, conscious and regardful of the interests of other nations. Mr. KING'S address, like those of his associates, is at once a definition of the nature of the Britih Commonwealth and a programme and policy for the Commonwealth and the world, consistent both with the long history of the widening freedom of each British nation and with the spirit of the Atlantic charter and the Moscow Declaration.

Canada's history and Canada's voluntary and unstinted share in this war both symbolize the nature of the Commonwealth and exemplify the world character of its role. "All our political experience told us," said Mr. KING, "that freedom in Canada could not survive in a world that was no longer free" His statement is equally true for every part of the British Commonwealth and Empire. For no world event, least of all if its purport is aggression and domination, can fail instantly to influence some part of the British system; of all groups of nations and peoples, there are none so sensitive to world forces, and for the British Commonwealth to fail to respond to them would in itself be a world failure. Indeed, in this as in so many other respects, the Commonwealth itself is a test of the possibility and hope of an effective, permanent system of international co-operation. With all its advantages of common political principles and unique political capacity and experience, if the Commonwealth fails or allows its own vision to grow dim, there is no other group of nations far flung across the oceans and continents of the world ready to assume its duties and its tasks. For the world as for the Commonwealth, Commonwealth policies should be those which "make an appeal 'to all sorts of men in all sorts of countries,' provided only that they are men of good will," and in the pursuit of such policies, "the way to maintain the unity of the Commonwealth is to base that unity upon principles which can be extended to all nations."

Success, as Mr. KING recognized, will depend on the extent to which other nations are prepared to pursue similar policies. But it remains the duty of the Commonwealth wherever possible "to give the lead that is in the interest of the world as a whole," in security and in welfare—since it is more and more apparent that a broad community of thought and action in social purposes must be one great element in that leadership. To this end, "it is of the utmost importance to the Commonwealth that there should be the greatest possible cooperation among its members," secured through close consultation and effective coordination. When decisions are taken, they will not, it is true, be those of some visible Imperial Cabinet or Council sitting continuously in London. But, what is most significant, the decisions will be taken through a continuing conference of the Cabinets of the Commonwealth, using all the resources of modern communications—"a conference of Cabinets," in Mr. KING'S words, "which deals from day to day, and, not infrequently, from hour to hour, with policies of common concern," and reaches its decisions "after mature consideration by all members of the Cabinets of each country, with full consciousness of their immediate responsibility to their respective Parliaments." The difficulty inherent in centralization of whatever kind has been more clearly brought out in recent weeks. It implies necessarily that some body other than the several Cabinets or Parliament should, in whatever degree, decide the policies of those Cabinets or Parliaments. It is the firm conviction of Mr. KING, and, it may be assumed, of other Prime Ministers, that the other Parliaments no less than the Canadian Parliament would accept no such derogation of responsibility to their electorates. This being so, the unity of the Commonwealth is better nourished and sustained by consistent and improved methods of consulation, by the sense of responsibility of each Government for the interests of all others, and by the deep, firm sense of community founded not in remote authority but in that form of free government where, in BURKE'S words, "the people is the true legislator."

Mr. KING'S address is a fine and helpful contribution to the philosophy of the Commonwealth and Empire and to the thought of all free peoples. Among these free peoples none has more right than Canada to define the purposes of the United Nations or the principles of the unity of the Commonwealth. Canada has not sought and does not wish to influence the policies of her great neighbour and friend or her partners in the American hemisphere, but twice at a solemn moment in world history, the political imagination and experience of the Canadian people, instantly and freely responding to a challenge, physically distant but morally immediate, has anticipated those policies and has anticipated them by a declaration of war that enhanced rather than weakened the unity of the Canadian people.

Reprinted by the NATIONAL LIBERAL FEDERATION of Canada, 107 Sparks Street, Ottawa.

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

C222932

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

The circulation of this paper has been strictly limited.
It is issued for the personal use of Prime Minister of Canada

TOP MOST SECRET.

Copy No. 3

P.M.M.(44)8

13TH MAY, 1944

MEETING OF PRIME MINISTERS

RUSSIAN FOREIGN POLICY

The two attached papers, prepared in the Foreign Office at Field Marshal Smuts' suggestion, regarding certain aspects of Russian Foreign Policy, are circulated for information.

(Signed) E.E. BRIDGES
" J.E. STEPHENSON

Offices of the War Cabinet, S.W.1.

13TH MAY, 1944

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222933

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

SOVIET UNION — April 29, 1944.

TOP SECRET. — SECTION 1.

(16554)

[N 1008/183/38] — Copy No. 163

PROBABLE POST-WAR TENDENCIES IN SOVIET FOREIGN POLICY AS AFFECTING BRITISH INTERESTS.

PART I.

THE probable long-term impact of Russian strategic policy on British interests depends upon Russia's power, her major interests and her general outlook on world affairs. Of her power, and her capacity to use it, if she wishes, there can be little doubt. In, say, ten years in man-power, in economic resources, in industrial capacity she will be immensely strong and, almost certainly, well organised.

2. Of her major interests and outlook in ten years' time it is far more difficult to predict. But certain fixed points can be discerned. Internally, the fixed points are that the U.S.S.R. will remain a highly-centralised federation where all the means of production are publicly owned and centrally planned and controlled; and that Russia's major interest will be to devote her main energies for many years to come to the colossal task of post-war rehabilitation and the further development of her own territories. Externally the fixed point will be in the future, as it has been in the past (at any rate, since Stalin's victory over Trotsky), the search for security against any Power or combination of Powers which might threaten her while she was organising and developing her own domain. In particular, after her narrow escape and tremendous losses she will fear a German recovery.

3. The result of Germany's attack upon the Soviet Union has been (*a*) to consolidate the régime; (*b*) to retard her internal development; (*c*) to face her with a vast task of rehabilitation in the occupied areas which must take her, one would suppose, at least five years; (*d*) to cause her an enormous loss of man-power in the younger generation; (*e*) to give her the chance of exorcising for an indefinite time her fear of Germany and Japan; (*f*) to give her the chance of getting on to terms of equality, confidence and co-operation with the remaining principal world Powers. In other words, the war has complicated or at any rate retarded her task of internal organisation and development, but will have given her the opportunity of devoting herself to it without fear either of aggression from without or of counter-revolution from within.

4. The logical deduction seems to be that, provided the British Commonwealth and the United States do not appear to the Soviet authorities to wish to deprive Russia of the means of eliminating the menace from Germany (and Japan), do not appear to be supporting a combination against her and give reasonable consideration to her views, Russia will welcome a prolonged period of peaceful relations with the British Commonwealth and the United States. She will need at least five years for rehabilitation, and many further years for the development of her internal resources and for industrialisation and social development. During this period it is unlikely that she would be prepared to risk the interruption of a major war, whether during that period she had adopted a policy of co-operation or had decided to play a lone hand.

5. But this prediction is based on the assumption that the Russians do not suspect us of having designs hostile to her security, and that largely depends on whether she is satisfied with the measures taken to render Germany (and Japan) innocuous. Should she not be so satisfied (and her demands are likely to be high and her methods perhaps very drastic to British and American eyes), she will always be in fear of an eventual combination with Germany against her, her attitude to this country will be suspicious and potentially antagonistic, she will be more preoccupied with her own security and will take her own measures to provide for it. She would then probably become an intensely disruptive force in Europe. She would be unlikely, save as a last resort and in exceptional circumstances (see paragraph 37 below), to combine with Germany, for this would

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222934

lead to a German revival and would thus be dangerous to herself. But she would be constantly manœuvring to increase the strength of her own position in Europe by establishing her influence in European countries through Left-wing Governments and by interfering in their internal affairs both through intrigue and through power politics. Outside Europe, too, she would no doubt follow a similar policy.

6. One may predict, then, with some confidence, that, during a period of at least five years after the termination of the war with Germany, Russia will be preoccupied with her post-war rehabilitation and will constitute no menace to British strategic interests. During this period she almost certainly will experiment with the policy of co-operation with the British Commonwealth and the United States in whatever world organisation may be set up after the war. If this gives satisfactory results from the Russian point of view and in particular if she is satisfied that we have no intention of allowing Germany's power to be restored, this experiment may become an established feature of her foreign policy and the period during which she would constitute no threat to major British strategic interests may be indefinitely prolonged, while she continues her internal development. Even if through the withdrawal of the United States or any other reason post-war schemes for a world organisation should fail, the Soviet Union would not necessarily withdraw from co-operation with Great Britain. If, on the other hand, she finds the experiment of co-operation a failure, she will almost certainly seek to weaken British and American influence, but she will not necessarily become expansionist and her policy may well still not directly threaten British strategic interests, especially if the British Commonwealth can rely on American support. Russia, however, will almost certainly keep herself immensely strong on land and in the air. So far as can be judged at present she is most unlikely to be troubled by internal disorders. Her influence throughout the Eastern hemisphere is likely to be great and she could develop an overwhelming threat to our position in the Middle East.

7. Part II of this paper elaborates the argument of the preceding paragraphs. Part III deals with Russian interests in particular areas.

Part II.

Post-War Position of the U.S.S.R. in the World.

8. The U.S.S.R. will have made immense sacrifices for victory in men and material. The wastage will have been enormous. None the less, the U.S.S.R. will emerge from the war (i) as the strongest land Power in the world and one of the three strongest air Powers; (ii) as the very successful exponent of a new economic and social system and a new type of multi-national State; (iii) as the great Slav Power (as in the past) and the heir to much besides from the heritage of the old Russia. She will have very great prestige and very great pride in herself. All the indications suggest that the régime will have been strengthened by the war; it will be well adapted to deal with the problems resulting from the dislocation caused by the war: it seems most unlikely that it will be faced with any serious internal dissension. Her war record and the achievements of "planned economy" and "socialism in one country" will continue to arouse very widespread sympathy and admiration abroad in many circles.

9. The U.S.S.R. in 1939 contained a population of 170 million—forty million more than the United States, a hundred million more than Germany, a hundred and twenty-five million more than Great Britain. Although Soviet statistics are very unsatisfactory, it is certain that the coefficient of annual increase is far higher than that in West European countries and the United States, and that there is an exceptionally large proportion of young people. (For instance, in 1939 not much less than two-thirds of the population were under thirty). In the U.S.S.R. war losses and general dislocation have been on a prodigious scale and shortage of labour will remain at least for some years a very serious problem; but within the next twenty-five years there will be a very large increase of population in contrast with prospects in the West—an increase which may bring the total (excluding the western regions incorporated in 1939–40) to something between 210 million and 240 million by 1968.

10. The effects on Soviet policy of this potential strength are, however, offset to a considerable degree by various factors, including in particular (*a*) the gigantic internal reconstruction tasks that confront the U.S.S.R., (*b*) the prospect of freedom from foreign menace and of co-operation, if Russia desires it, with other Great Powers.

C222935

11. The war found the leaders and people of the U.S.S.R. still engrossed in the working out of a great social experiment and of a gigantic economic programme. On the advent to power of Stalin, concentration on the fomentation of world revolution had been deliberately discarded, at least for an indefinite time to come, in favour of the fulfilment of this programme. The fear of attack by Germany and Japan, and the suspicion that other powers including Great Britain would welcome it, dictated a foreign policy designed to avoid being involved in a world war, and an internal policy of which military defence and not prosperity was the first consideration.

Soviet Internal Policy before and after the War.

12. In pursuit of the aim of developing the U.S.S.R. as rapidly as possible for defence, industry had to be built up on a huge scale in a country where agriculture had previously been the first consideration. But, because of the demands of defence, the emphasis had to be on heavy industry; light industry was comparatively little developed. Collectivisation of agriculture was forced through against much opposition. Great efforts were being made to extend the area of cultivation by colonisation, irrigation and other means. The transformation of Soviet Asia and the Arctic was under way. The task of improving inadequate communications was being pushed ahead, but very great leeway required to be made up. Only the fringe had been touched of the task of adapting housing and of building new accommodation in the vastly expanded or entirely new cities.

13. The general result of this unrelenting drive to carry out the five-year plans was that the people had already been living and working at war tempo since 1928, and yet the vast programme remained very partially fulfilled and the high standard of living promised as the fruits of the Soviet system had not materialised, when the war burst upon them.

14. The devastation of war and its all-round effects will have set the U.S.S.R. far back from the goal which she was just beginning to attain, namely, the point at which her developing economy could begin to provide a steady rise in the standard of living of the people without ceasing to expand its capital equipment. The war has resulted in:—

(i) A destruction of material which is still in progress on a scale unparalleled in history.

(ii) The killing of many millions not only of soldiers but of civilians of both sexes, an abnormally high civilian mortality and an abnormally low birth-rate.

(iii) A further dislocation of population and economic life owing to evacuation eastward before the German advance. Estimates vary greatly, but 15 million such evacuees is a possible figure.

(iv) The deportation westwards by the Germans of perhaps 2 million persons and the capture by them of some 3 million prisoners.

15. With the huge pre-war programme still unfinished, the Soviet Government will thus, when peace comes, be faced with immense additional problems. The primary essential will be the colossal tasks of repatriation and resettlement, of the rebuilding and re-equipment of the ruined cities, industrial plants and transport, of the reconstruction of villages and agriculture in the devastated regions and of the transformation of the eastern industries to meet peace-time needs. There is every reason to suppose that the U.S.S.R. will not alter the basic pattern of her economic life. She will continue to plan her economy as before, looking primarily to the development of her own resources to provide directly for the increasing satisfaction of her own needs. But the internal problems of relief and reconstruction will cause certain modifications. Despite the efforts of the Government to mobilise resources and reinforce discipline, it is improbable that, after all that the Soviet people have gone through in the war, the immediate tempo of economic rehabilitation and development can be geared to the same pitch of intensity as during the first three five-year plans. If it were, the task of rehabilitation would take at least five years. If not, it will almost certainly take longer. The continued development of her internal resources, industrialisation and social development will occupy the Soviet Union's energies for far longer. Victory will probably bring a certain relaxation and a greatly increased demand for consumers' goods, while there will be at first a greatly decreased capacity to meet such a demand from internal Soviet resources.

16. During the first year or two after an armistice with Germany, the U.S.S.R. will be unable from her own resources adequately to meet the needs

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

either of relief or of reconstruction and one of the objects of her foreign policy will be to get the maximum available help from outside sources.

17. The chief sources from which any immediate supplies of relief goods may be expected are the United States and the British Commonwealth. The needs of reconstruction and of further economic expansion will require substantial imports particularly in the following fields: (i) coal, (ii) electrical and other power equipment; (iii) machine tools and other industrial plant and equipment; (iv) oil and mining machinery; (v) certain non-ferrous metals; (vi) tropical goods and animal produce, such as leather, hides and wool; (vii) certain types of foodstuffs and consumers' goods. In all these fields both the United States and Great Britain and the British Empire could be very important contributors. In the first three categories another source of supply (apart from smaller sources of supply such as Czechoslovakia or Sweden) will be Germany.

18. Germany, together with her allies, is the only source from which the U.S.S.R. can get what she wants without incurring any kind of obligation. She will have no inhibitions about letting Germany get "a foothold in her markets." She will undoubtedly wish to exploit Germany to the full while keeping her as weak as possible. But however great the value of Germany to Russia may be, it will not be such as to neutralise the importance of the United States to the Soviet Union during the years following the war.

19. The need of the U.S.S.R. for relief supplies and capital goods will be so great and her capacity for absorbing the latter (owing to the nature of her economic system) so unlimited that the policy of the Soviet Union is unlikely to be one which would jeopardise the flow of these supplies. Indeed, the United States, and to a lesser extent Great Britain, will, theoretically, be in a position to exercise a considerable influence over the U.S.S.R. so long as they are willing to continue to supply goods on advantageous terms. But in view of the intense competition for overseas markets which may develop not only between this country and the United States but also between United States manufacturers themselves, the Russians may well think that they will get the imports they need, irrespective of the foreign policy which they pursue. Therefore arguments based on the influence of economic considerations on Soviet foreign policy cannot be pushed too far.

20. Increased economic collaboration between the U.S.S.R. and overseas countries will make her additionally interested in expanding her mercantile marine and in security of access to open seas during the period of relief and reconstruction. Thereafter, however, it is possible that the importance of maritime communications may diminish, as Soviet economic internal development progresses. This will depend upon whether the U.S.S.R. ultimately decides upon a large foreign trade expansion or prefers to adopt a policy of comparative autarky. It is not possible to make a profitable prophecy as to which course will be adopted; but it should be borne in mind that the Soviet Union, because of her economic structure, does not look upon foreign trade as good *per se* and keeps her exports down to the minimum necessary to pay for what she has to import; and that once reconstruction has been more or less completed, (i) the resources of the U.S.S.R. are so great that foreign trade will then play at best but a small part in her total economy; (ii) her dependence on the outside world is then likely to be relatively small; (iii) foreign trade considerations will therefore not be likely ultimately to determine the general lines of Soviet foreign policy.

21. To sum up, for at least five years after the end of the war, the Soviet Union will be occupied in an enormous task of rehabilitation; thereafter she will still have in front of her a considerable programme of internal development. However much or little the advantages of economic co-operation with Great Britain and the United States directly influence her foreign policy during the period necessary for its accomplishment, she will avoid the risk of a major war during the period of reconstruction and is likely, unless her security is threatened, to be predisposed towards avoiding war until her development programme is well advanced, and until her people have attained a comparatively high standard of living and have recovered from the stress of a terrible war following on twenty-four years of great strain.

Soviet Foreign Policy before and after the War.

22. As stated above, the fixed aim of Soviet foreign policy before the war was to avoid war while carrying out her great schemes of industrial and social development. After Stalin's victory over Trotsky all else in Soviet foreign policy was subordinated to this object and the aim of spreading bolshevism or of

fomenting the world revolution for its own sake was abandoned. But Soviet Russia feared attack by Germany and Japan, suspected that other Powers would welcome such attacks upon her and, while advocating "collective security," manœuvred to weaken Right-wing forces everywhere in the belief that they favoured her downfall. Throughout the period her foreign policy was entirely subordinated to her internal policy and her Foreign Commissar was not even in the inner circle of Soviet counsels.

23. At the outbreak of the present war the Soviet aim was clearly to stand aside while the contestants weakened each other and, when Germany had overwhelmed Western Europe, to buy time from her. Since Germany's attack upon her, Russia has concentrated everything upon surviving the war with Germany, while maintaining peace with Japan. The Russian leaders are painfully conscious of the shortcomings and inefficiencies of the Russian system and of the Russian people when matched against the Germans. When they look back they must realise that in spite of the whole Soviet system having been concentrated for ten years in preparing for a defensive war, they were unable in '41 and '42 to prevent a nation with 100 million fewer inhabitants than Russia from overrunning in an incredibly short time a greater area than had ever been conquered in history since the campaigns of Alexander the Great. If the tide has now ebbed it is because the Soviet Government has had at their disposal vast reserves of man-power and material and been willing to sacrifice them without consideration for the future. This enormous wastage is going to have its effect not merely upon the material position of Russia after the war, but also upon their mental outlook. The Russians are going to dread the recovery of Germany in a way in which we have never done, even in our blackest moments. This may take two forms, either they will set themselves the task of keeping Germany indefinitely in a state of abject subjection, or, if they find that they are obstructed by the other world Powers from applying this policy, they may decide that the best course is to make friends of their enemy while they are still in the way with them. In that case we may see a close German-Russian collaboration growing up against the rest of Europe and Asia.

24. But without looking so far ahead as that we may expect that from the peace settlement onwards any friction there is between us and Russia will not arise so much out of ideological disagreement but chiefly, if not solely, because we and the Russians may take different views as to the post-war treatment of Germany. There is good evidence that Russia desires the most drastic measures to keep Germany in a permanent state of weakness and wishes to see the complete defeat of Japan. Stalin is an advocate of the complete dismemberment of Germany, and there is little doubt that the Soviet Government propose both to exact from German war criminals, from the highest to the lowest, a terrible punishment and to make Germany render, both in labour and in goods, the fullest possible contribution to the rapid restoration of the devastation she has caused in Russia. In other words, Soviet foreign policy is still based on the search for absolute security until she can render herself impregnable. Nor will the Soviet Government take any chances (such is not their habit) of any strong Power or combination of Powers growing up on her western frontier which might themselves, or in combination with a revived Germany, constitute a preoccupation to the Soviet Union. The Soviet Government have up to the recent past at any rate suspected that the United States and Great Britain wanted to husband their strength while Germany and Russia weakened each other, and that many circles in the United States and this country still desired a barrier between Western Russia and the rest of Europe. It seems to be the Soviet Government's way to apply simple but somewhat drastic tests of the real intentions of foreign countries, even of her Allies. It is very likely that the final test they will apply to these suspicions is the attitude taken up by this country and the United States on the question of the post-war treatment of Germany and the States that lie between Germany and the Soviet Union, and in the post-war period on the zeal with which we enforce the letter of the treaty on Germany and show ourselves ready to knock Germany on the head every time she shows any sign of recovery either military or economic—Russia is likely to view with grave suspicion the argument that a prosperous Germany is necessary if Europe as a whole, and Great Britain in particular, is to be prosperous. Russia's post-war attitude is likely also in the same way to be influenced by the effect upon her own security of our post-war treatment of Japan and the post-war settlement we advocate for the Far East generally.

25. On the other hand, the war has given the Soviet Union the opportunity of transforming themselves from a revolutionary Power, to a great extent isolated

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

from and suspected by the other Great Powers—something of a pariah—into one of the four leaders of the world. If she can achieve a satisfactory co-operation with the other three in ordering the post-war system, this would give her a better assurance than any other of freedom from external pre-occupations, while she was carrying out her own internal industrial and social development. It would also open to her a position of respect and even of admiration throughout the world. There are signs that such a transformation from their previous rôle has some attraction for them.

26. The Soviet Government is now clearly ready to give co-operation with the United States and Great Britain a trial. If the post-war settlement in Europe gives her sufficient reassurance against a German revival and sufficient satisfaction to her desires in other directions, she is likely to continue the trial for at least the five or more years required for the rehabilitation of Soviet territory. If reasonably successful, the experiment might well be further prolonged. Soviet ideas are not rigid and it is possible that, with the lapse of time, with the success of her own internal developments and the successful operation of international organisations in which Russia will be playing a leading part, international co-operation might have become something of a habit with the Soviet Government.

27. But in the initial stages at any rate, the Soviet Government will not be easy to satisfy. They certainly require, in the first place, that their western frontiers should be along the lines of those of 1941. In the second place, a settlement in regard to Germany which will " completely exclude the possibility of fresh aggression on the part of Germany " (Stalin, the 6th November, 1943). In the third place, Russia will wish to be satisfied that nearby European countries are not in a position or in the mood to threaten her territory either alone or in combination or to prevent her getting at Germany, if the Soviet Government think it necessary at any time to employ force to keep her in a state of docility. This latter consideration dictates the whole of her Polish policy. The Declaration of the Moscow Conference on Italy, which originated with the Soviet delegation, may be taken as an indication of Soviet desires elsewhere. The Soviet Government will no doubt continue to suspect Right-wing Governments. But in their conversations with His Majesty's Government they have drawn a distinction between the countries to the east of Germany, which they consider should, in friendly relations with the Soviet Government, form the eastern bulwark against the possibility of a German revival, and the countries of Western Europe who should, led by Great Britain, form the western bulwark.

28. Soviet interests in particular regions are dealt with in detail in Part III of this paper.

29. Whatever precise shape the new international system may take, it is obvious that the U.S.S.R. must be a permanent member of any World Council that may be set up. She will also, no doubt, be consulted in the initial stages as to any international schemes and invited to participate; for instance, in any general and regional defence scheme, such as a North Atlantic, Mediterranean or Pacific security system.

30. In any international regulation of armaments after the war, the air arm will be the crux as between the Soviet Union and the English-speaking Powers. After the defeat of Germany, the Soviet Union will emerge as unquestionably the strongest land Power in the Old World; and she is unlikely, on her side, to question the naval predominance of the English-speaking Powers. But both the English-speaking Powers and the Soviet Union will—potentially—be immensely strong in the air, and, with the increasing range of the air arm, they are likely to find themselves more and more dangerously exposed to one another's air power, supposing that co-operation between them were to break down. Some agreement for the regulation of air power would therefore seem to be as necessary as it will be difficult.

31. If agreement can be reached between the British Commonwealth, the United States and the U.S.S.R. (and China) in regard to a scheme of world organisation after the war, and if it can withstand the subtle underminings and intrigues to which it will be increasingly exposed from a resurgent Germany always looking for opportunities to play off the Four Great Powers one against the other, then the prospects of a prolonged period without major cause of friction with the Soviet Union, while she devotes herself principally to her internal development, would be good. Even if, by the withdrawal of the United States or for other reasons, a world organisation led by the Four Great Powers in consultation is not achieved, good relations might still be maintained between the British Commonwealth and the Soviet Union so long as the peace settlement

in Europe and—to a somewhat lesser extent—in the Far East satisfied the Soviet Union. But the progress of Russia in learning the difficult art of international collaboration would in these circumstances be less probable and our position *vis-à-vis* of the Soviet Union on the one side and the United States on the other might become difficult and delicate.

Probable policy of the Soviet Union if she decides against co-operation with the British Commonwealth and the United States.

32. Given Russia's marked capacity for suspicion on top of 125 years at least of Anglo-Russian hostility, veiled or open, coupled with rapid progress towards self-sufficiency and impregnability, and the fundamental differences of outlook between a weakened, war-weary, kindly and liberal Britain and a vigorous though an intensely nationalistic Soviet Russia, it may be said that a gradual deterioration of relations is almost bound to set in unless confidence can be established during the war and maintained after the war by the constant practice on both sides of consultation, co-operation, and mutual give and take. If confidence is not achieved the Soviet Government may decide within a comparatively short time of the end of the war that a policy of co-operation with the British Commonwealth with or without the United States does not serve Soviet interests. In that case Soviet foreign policy would be directed to giving the Soviet Union the time to attain the main aims of her internal development and the strength to withstand any likely combination of Powers. How long it would take her to achieve this position it is impossible to estimate, but even presupposing that she could maintain the feverish energy of the last fifteen years it could hardly be less than ten years after the end of the war, having regard to her immense task of reconstruction, and might well be a good deal longer. While dropping the attempt at international co-operation she might until these aims were attained be disruptive and selfish in her foreign policy, but not to the point of provoking a combination of Great Powers against her. She would still seek to ensure the weakness of Germany. With Germany and Japan out of account and the British Commonwealth and the United States not in the mood—nor probably indeed in a position—to harbour aggressive designs against the Soviet Union, she would have no interest in hastening a revival of Germany or Japan by combining with them. Nor would she be likely to follow such a policy in Europe as would lead Western Europe to welcome a revival of Germany as a bulwark against Russia. But see paragraph 37 below.

33. With their internal preoccupations the Soviet Government would be most unlikely to follow a purely expansionist policy. They would more probably be passively unco-operative and work steadily against schemes of international co-operation favoured by this country, rather than be adventurous and provocative where British interests are concerned. More especially would this be the case if Anglo-American relations were good and the United States had not withdrawn into isolation but seemed likely to support the British Commonwealth. Even when it became clear—and it might not become clear for a considerable time—that Russia had finally decided against a policy of co-operation, Anglo-Soviet relations would not necessarily undergo an immediate and violent reversal. It is, perhaps, more likely that the deterioration would extend over a number of years as instances of Soviet action antagonistic to the interests of this country gradually accumulated. We should probably little by little fall back into a prolonged period of uneasy relations poisoned by mutual suspicions, which would spread to and divide other countries and would hinder the progress of settlement and recovery in war-devastated Europe. This might well lead to very serious divisions of opinion in this country, to which the Soviet Union would not hesitate to contribute.

34. No doubt the Soviet Union's policy towards British interests will be affected to a major degree by the attitude of the United States both towards this country and towards the U.S.S.R., supposing the United States withdraws from international co-operation in the political sphere. But here it becomes unprofitable to speculate owing to the multitude of factors, internal and external, which would come into play in the United States. Popular feeling towards the Soviet Union is far less favourable now than in our own country, irrespective of anti-Soviet pressure groups such as the Roman Catholics and the Poles. For many ordinary Americans the Soviet Union remains the apostle of communism, and to American organised labour even socialism is regarded as a danger to the American way of life. In the United States, therefore, the Bolshevik bogy is very much alive. This is balanced to some extent by the American respect for Russia's mere size and for her proved but unsuspected industrial capacity. On

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

the other hand, the Soviet attitude towards the United States is not coloured to the same extent as towards Great Britain by a background of hostility or suspicion. There is a reciprocal respect for American productive capacity and technical and organising ability, and the Soviet Union will almost certainly welcome American help in relief and reconstruction. On the other hand, there is a lively appreciation in the Soviet Union of the social forces dividing the United States and probably a fear of American economic expansionism, a hatred of American big business and high finance and distrust of the international part they may wish to play after the war; also considerable ignorance of the workings of American internal politics.

35. After Stalin's victory over Trotsky the doctrine of the world revolution was dropped and Soviet interference in the internal affairs of other countries was directed to subserving the Soviet Union's own national ends, by weakening the internal position in potentially hostile countries. Soviet policy will continue to be nationalistic. The Soviet slogan now is democracy, not communism. The present leaders of Soviet Russia are realists and nationalists rather than ideologues, and the internal trend in the Soviet Union during the war is strongly in the same direction. But the Soviet Government will not abandon the international rôle of the workers' friend. In chaotic conditions after the war the Soviet Union's appeal for Left-wing circles is likely to be exploited for national ends. While she goes in for a policy of international co-operation, interference with the internal affairs of other countries would no doubt be tempered to suit that policy. It will be exploited to the full, if she abandons that policy.

36. The traditional attraction exercised by Russia on the other Slavs (except the Poles) was largely based (i) on the fact that Russia was the only Slav great Power and appeared as the liberator from Turkish or Magyar and Austrian rule; (ii) on the wealth and influence of the Orthodox Church in Russia. There is likely to be some revival of this ecclesiastical influence, but not on a major scale. The appeal of pan-slavism is now again great owing to German domination and the Russian success in resisting it, and the Soviet Government has taken the opportunity to organise the Pan-Slav Conference and other demonstrations of Slav solidarity. The immediate aim of these Soviet moves is obviously to stimulate the Slavs now under German domination to make the maximum effort against their German conquerors. After the liberation of Europe the attraction of Russia is perhaps likely to diminish, if the aftermath of the war does not lead to too prolonged and bloody a chaos in the Danubian and Balkan regions. But in any case the combination of the traditional appeal of Russia with the new appeal of the Soviet Union will remain a powerful potential source of attraction, particularly in Bulgaria and Czechoslovakia.

Part III.

Soviet Union's Interest in Particular Countries.

Germany.

37. The Soviet Union's main immediate interest will be to extract—through compulsory labour and deliveries in kind—as full reparation as possible for the enormous damage inflicted by the Germans. Russia's long-term policy towards Germany is that she should be so completely weakened that she will no longer be a potential menace. To this end Stalin has suggested that Germany should be split up into a number of separate units, which should be kept separate, by force if necessary, and that Germany east of the Oder should go to Poland. Provided the Russians can secure this dismemberment of Germany, the complexion of the Governments of the resulting States would be a secondary consideration. The Free German Committee can safely be regarded as a mere propaganda weapon and its doctrines as no indication of the Soviet Government's real intentions towards Germany. It is to be observed, however, that the Soviet Government, at least in their formal official pronouncements, still qualify the Germans and Germany as "Hitlerite" or "Fascist." It looks as if this were done in case the Soviet Government at some time might wish to reverse their policy and come to terms with Germany when the latter has rid itself of Hitlerism. Such, however, is Russia's dread of a German recovery that such an eventuality seems highly unlikely. However, the Soviet Government might take the risk and seek Germany's friendship if they were to convince themselves that Great Britain and the United States had reversed their present policy and were building up Germany as a defence against the Soviet Union, and if they felt confident of Russia's recovery of strength and her ability to remain the dominant partner.

Unless these conditions obtained, it seems very improbable that Russia would welcome even a Communist Germany, for she might well develop into a dangerous rival. Indeed, as the Soviet Union moves further from communism, the danger to her position as leader of the extreme Left in the world from a Communist Germany would clearly grow. This consideration, combined with Russia's healthy fear of German powers of organisation and of the German capacity for a unified effort under strong rule would almost certainly make Russia fear communism in Germany; it would not be surprising to find that German communism would be stigmatised as Trotskyite. All the same, if Germany were spontaneously to go Communist the Soviet Government would be under severe pressure from the ideologists, as distinct from the realists, to abandon their policy of repression and to befriend the new proselyte, even at the risk of the Communist rulers in Germany proving too strong for the Soviet Government to keep under control. Needless to say, this pressure would be all the greater if at the time the Soviet Government felt that the policy of co-operation with the Western Powers was not going to succeed. If, however, it was working satisfactorily, the realists in Moscow would, it is to be hoped, be able to keep the upper hand.

38. It would be unwise to assume that in Soviet-German affairs the rôle of Germany is going to be an entirely passive one. Germany will be on the look-out for any weakening in the policy of Anglo-Soviet co-operation after the war and will be quick to offer herself as occasion requires to either party as soon as she sees any sign of a quarrel. To the Soviet Government she will present herself as the Socialist partner ready to help to keep the capitalist Western Powers from meddling in Central and Eastern Europe. To the Western Powers she will pose as the champion of European culture ready to join in resisting Russian penetration of Europe from the East. Against these manœuvres the only effective weapon will be a continuance of close Anglo-Soviet co-operation.

Poland.

39. As regards Poland, the Soviet Government's latest statement is to the effect that they are in favour of a strong and independent Poland in good relations with the Soviet Union, with its eastern frontier running approximately along the Curzon Line; if desired there could be an alliance for mutual aid against Germany, and Poland could adhere to the recent Soviet-Czechoslovak Treaty. It appears from the discussions at the Tehran Conference that the Soviet Government wish to have Lvov, but that they agree that East Prussia should go to Poland (possibly less Königsberg, which the Russians may want for themselves), and that Poland's western frontier might be moved westward even as far as the Oder. It is clear that Poland will not succeed in getting a settlement on more favourable lines. A large extension of Polish territory at the expense of Germany would probably so embitter Polish-German relations that Poland would be forced into close association with the Soviet Union. In any case, the Soviet Government is certainly determined not to tolerate a hostile Poland. If satisfied on this score they may well be content that Poland should retain a real independence. But Soviet-Polish hostility has behind it four centuries of deeply charged history, and it must be doubtful, whatever the final settlement, how far the Poles and Russians can overcome their deep-seated hatred of each other and how far the Poles can abandon their historic, almost mystical, conception of Poland's "eastern mission." Russia is concerned to ensure that her forces will always be able to pass through Poland, if necessary, in order to nip a threat from Germany in the bud. This latter consideration dictates the whole of her Polish policy.

France.

40. In the post-war period the U.S.S.R. will probably continue to favour the restoration of France as a Great Power, as a potentially important addition to the encirclement of Germany and as a possible counterpoise to Anglo-American influences. The chief causes that aligned France against the Soviet Union and prevented the implementation of the Franco-Soviet alliance will no longer operate if the forces of the Right in France lose most of their ground and the Polish question does not again sharply divide France and Russia.

The Baltic and Scandinavia.

41. Soviet interests in the Baltic, like Imperial Russian interests in the past, are primarily centred on the defence of Leningrad and North-Western Russia

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

and free entrance and exit to the Baltic. Leningrad, except for the very important fact that it is no longer the capital, is little less important for the U.S.S.R. than St. Petersburg was for Imperial Russia, both as an industrial centre and as a port. About a quarter of Soviet exports and half of Soviet imports pass through it. The Soviet Government will maintain their position that the incorporation of the three Baltic States in the Union corresponds to the wishes of the Baltic peoples as declared in plebiscites, and that it is an accomplished fact which is not open to reconsideration; and they will probably wish to add Memel, Tilsit and Königsberg to Lithuania. They will require at least the 1940 frontiers and conditions from Finland (Viborg, Hangö, &c.); with the possible substitution of Petsamo and the nickel deposits (the U.S.S.R. is at present deficient in nickel) for Hangö and the continuance of present arrangements in regard to the Aland islands. Stalin informed Mr. Eden in 1941 that there should be a treaty between Finland and the Soviet Union giving the latter the right to maintain naval and military bases on Finnish territory. There is no reason to suppose that this view has changed.

42. In view of the commercial and strategic importance of the Baltic to the U.S.S.R., guarantees as to the entrances to the Baltic will be required. Presumably the internationalisation of the Kiel Canal will be favoured.

43. The experiences of this war, even more than those of 1914–20, confirm the importance of the Soviet interest in Murmansk and access therefrom to the Atlantic. In addition, apart from war conditions, the economic development of the Kola peninsula and Soviet Arctic enterprises make Murmansk, the Murmansk and White Sea railways and the Stalin Canal of growing importance. For instance, by the late 'thirties the foreign trade of Murmansk was three to four times that of Vladivostok. The great sums spent on the fortification of Murmansk and the northern (coastal defence) fleet have proved their worth in the war, and an ocean-going northern fleet may perhaps be regarded in Moscow as an essential for the future.

44. There are no indications that the Soviet Government have any territorial designs on Norway or Sweden and in the case of Norway they have recently repudiated semi-officially a report to that effect. It is relevant that in discussion with His Majesty's Government the Soviet Government have suggested that it is for Great Britain to build up the necessary defence system in Western Europe against Germany and in so doing they stated in December 1941 that they would be prepared to support arrangements whereby this country had the right to maintain naval and military bases in Belgium, the Netherlands and France (if she did not revive as a Great Power) and naval bases in Norway and Denmark.

Confederations in Central Europe and the Balkans.

45. Soviet opposition to confederations between the Baltic and the Ægean was stated at the Moscow Conference to be founded (i) on a rooted suspicion of the Poles and of a *cordon sanitaire;* (ii) on the belief that the antagonisms, divisions and uncertainties in the countries concerned make confederations immediately impracticable; and (iii) on the idea that such confederations might prove over favourable to the satellites of Germany. It is no doubt in reality Russia's determination to take no risk of a strong combination of countries on her western frontiers which might, out of fear of herself, turn to Germany for support that accounts for her opposition. The Soviet Government's attitude is unlikely to change, at least until they have reached satisfactory settlements with the individual States, especially Poland. In the case of Czechoslovakia, they have reached such a settlement in the recent Soviet-Czechoslovak Treaty. As regards Roumania and Bulgaria, they no doubt prefer that these countries should be independent but wholly under their influence, rather than members of a confederation.

The Balkans and Turkey.

46. It is a vital Soviet interest that no strong Power should be able to threaten the Black Sea or to draw on Roumanian oil for aggression against the Soviet Union.

47. The Soviet Government are determined to regain Bessarabia and Northern Bukovina, and in exchange will probably advocate the return of Transylvania to Roumania. They may also want a share in Roumanian oil resources, the right to maintain naval and military bases in Roumania and the conclusion of some sort of mutual assistance treaty, in return for which they might be prepared to guarantee Roumania's new frontiers. The U.S.S.R. will

almost certainly not accept any International Danube Commission without strong Russian representation.

48. Bulgaria, whose peasantry has a long Russophile tradition, will almost inevitably end the war under the moral domination of the Soviet Union. This, if accompanied by any form of treaty of alliance, might lead to a serious clash of Turkish and Soviet interests. With the development of air power any foreign air force in control of the Bulgarian airfields would control the Straits whatever régime then governed them and thereby dominate Turkey. Indeed, it is probably true that whereas in the 19th century Turkish foreign policy was focussed on the question of the Straits, it is to-day focussed on the future of Bulgaria.

49. The circumstances prevailing immediately after the first world war were favourable to a rapprochement between the Soviet Union and Turkey. Both Powers were opposed to the victorious Allied Powers, both were isolated and both had interests to defend in common. Many of the old sources of contention that had existed throughout the 19th century had been removed. The Soviet Union no longer held the position of the protector of the Orthodox Christians in the East which in Imperial days had been a thorn in Turkey's side, and, furthermore, the collapse of the Ottoman Empire left few Christians within the borders of the new Turkey. The Armenian question was no longer a disturbing factor. Lastly, the new Turkish régime had no place for pan-Turanianism any more than the Soviet régime for pan-Slavism.

50. This rapprochement was based on opportunism and was probably always regarded by both parties as such. Centuries of antagonism arising from a real clash of interests could not be abolished in a day and even before the outbreak of the present war Turco-Russian differences began to appear, *e.g.*, at the Montreux Conference in 1936.

51. The Soviet Union probably has no major territorial claims against Turkey. It is extremely improbable that any Soviet statesman would advocate physical control by Russia of either the Straits or Constantinople. The only possible claim that might be made in certain circumstances is one for the annexation to the Soviet Union of the Province of Kars, ceded to Turkey after the first world war. The Soviet military authorities may feel that this is necessary for the security of Baku and it must not be forgotten that the Soviet Government, thanks to the disclosures of the Germans, are perfectly aware of Turkish participation in conversations with ourselves and the French regarding the bombing of Baku and the Caucasian oil wells.

52. Russia's real desiderata regarding Turkey are, however, focussed on two points: the Straits and Turkey's relations with other Great Powers. As regards the Straits, traditional object of Soviet as of Imperial Russian policy is to secure unlimited right of egress for Russia's Black Sea fleet and complete denial of ingress to non-Black Sea Powers. The Montreux Convention gave a degree of satisfaction to these aims which no previous convention had given, but the Turco-Soviet negotiations of 1939 showed that it was not enough. What worried the Soviet Government was the fact that in certain circumstances even if Turkey was not at war the Turkish Government had discretion to open the Straits to non-Black Sea Powers. The ideal arrangement in Russian eyes is probably that this discretion should not be exercised without Russian consent. As regards Turkey's relations with other Great Powers it is probably true that the Soviet Government have never relished Turkey's alliance with Great Britain. A hostile Turkey is a threat to two vital Russian interests, her communications between the Black Sea and the Mediterranean and the security of the Caucasian oilfields. Turkey in isolation is a manageable proposition, but any alliance with a Great Power such as Great Britain puts a different complexion on the situation. The Turkish Minister for Foreign Affairs, in unofficial conversation with His Majesty's Ambassador, has probably summed up the position fairly well in saying that Russia does not want to absorb Turkey, but would like to see her in the same position as Belgium after 1830, an independent Power with no ties of alliance to any Great Power. Russia's attitude on this, however, as on so many other points, depends upon the degree of confidence she feels in British policy.

The Middle East.

53. It seems likely that Russia will in the future take a much closer interest in the Middle East, and that this process will be accentuated if she becomes suspicious of our friendly intentions or finds that co-operation with the Western nations does not pay. The war has shown that Russia, being largely (though to a diminishing extent) dependent on the oil resources of the Caucasus,

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

is most suspicious of any foreign interest in or military approach to that area, even by her Allies. Further, in the long run, Great Britain and America will become strategically and commercially more and more dependent on the oil resources of Iraq and the Persian Gulf, which are likely to become the centre of gravity of world oil production. The distance and the geographical inaccessibility of the intervening areas between these two strategically vital areas lying on either side of Persia have largely ceased to matter with the development of modern aviation, and each source of oil is now potentially vulnerable from the neighbourhood of the other. British military or air activities in Iraq and the Persian Gulf, or political activities in Persia, are the kind of thing that may arouse Russian suspicions. Similarly, Russian activities in Persia, Iraq and the Gulf area may be a corresponding embarrassment to us.

54. Though there are large reserves of oil in the Soviet Union, its requirements will very substantially increase as a result of industrial development and the improvement of the general standard of living with its increased demands on transport, &c. Moreover, the Soviet Union, like the United States, may think it desirable for strategic reasons to conserve the oil resources in its own territory. In the peace settlement the Soviet Union may get some oil-bearing territories in the Balkans, but the reserves there are not large in relation to the Soviet's needs. For these reasons the Soviet may be interested in the oil resources of the Middle East, particularly during the immediate post-war period when its coal and power production are likely to be serious bottlenecks in its industrial expansion, and this may lead to conflict of interest with Great Britain and the United States.

55. In any case, Russia is likely to show a permanent interest in the Trans-Persian railway, and in the ports of the Persian Gulf. There is no reason to suppose that she is less interested than formerly in her access to warm water ports, and the Persian Gulf is one means of access to the new industries of Turkestan and Central Asia. But the route, both by rail and road, will always be a very expensive one.

Persia.

56. Soviet policy in Persia during the past two years seems to have been in essentials hand-to-mouth and subordinated to the terrific pressure of war. In the Tehran Declaration the Soviet Union reaffirmed her intention to preserve the integrity and independence of Persia, and she, like ourselves, is pledged by treaty to evacuate Persia after the war.

57. As in the past with the Russian Empire, the proximity and power of the U.S.S.R. and the fact that the Persians fear the Russians more than ourselves are almost bound to give the Union predominant influence in Azerbaijan and the Caspian provinces and to place her in a specially favourable position in Tehran and in Khorasan.

58. Anglo-Russian relations in Persia, in the past two years, were at least infinitely better than they were in 1907 and 1914, when, in spite of the Anglo-Russian *entente*, they went from bad to worse. M. Maisky has said that Russia could not tolerate disorder near her frontiers. Whether or not a weak and disorderly Persia would be a disadvantage for the U.S.S.R., it would certainly be a temptation. But a comparatively strong and efficient Persian Government would not be either, provided that it was not under predominantly British and American control. If only as an offset to the fear of this last alternative, Soviet policy may be to increase support of the (officially) democratic, constitutionalist Tudeh party, with the ultimate object of being in a position, should co-operation with Great Britain break down, to profit from radical social changes in Persia by attracting the country into the Soviet orbit.

Afghanistan and India.

59. Afghanistan is and always has been of direct concern to Russia because of a long and unruly common frontier, and because of religious and racial connexions between the peoples of Afghanistan and those of Central Asia. These connexions have given rise, both in Imperial Russia and in the U.S.S.R., to fears for the internal security of their Central Asian dominions, and the British have at various times been accused of fomenting trouble there. The Soviet régime in the Central Asian republics now seems to be so strongly consolidated as to remove such fears as a major element in Soviet policy. All the same, it is possible that the U.S.S.R. would not regard with favour the eventuality of a strong Moslem Pakistan, which might have important repercussions in the Moslem world.

60. Afghanistan as an unsteady buffer between the British and Russian Empire has caused much trouble in the past, though the Anglo-Russian *entente* of 1907 was highly successful for ten years in dispelling the traditional British fears of the Russian "threat to India." The situation now is less favourable in that the U.S.S.R. will greatly heighten her prestige as a result of the war, and in that Afghanistan since 1921 has obtained control of her own foreign relations. The situation is more favourable in that the Soviet Government at present are showing a willingness to co-operate with us in Afghanistan, and in that they have discarded the "world revolution" propaganda among Asiatic peoples which was so prominent a feature during the first ten years following the October revolution. They are not likely to return to this policy unless general co-operation with Great Britain proves unworkable, and their immediate interests would probably be best served by comparative order in Afghanistan and India.

61. Nevertheless, it is true that, so long as India remains closely connected with Great Britain, Afghanistan and the North-West Frontier would be a danger spot in the event of strained Anglo-Soviet relations.

62. We may reasonably hope that Persia and Afghanistan, as well as the other Middle Eastern countries, will be able to preserve their own independent Governments, but in all these countries the emergence of Left-wing movements under Russian influence, which cannot in the long run be altogether excluded, would be harmful to our interests. It is an unfortunate fact that throughout the Middle East the governing régimes are based largely on reactionary classes, and the younger and more progressive elements are out of sympathy with the existing state of affairs.

The Far East.

63. It may be taken for granted that Russia will claim a voice in any Pacific settlement, and in any organisation for maintaining the peace in the Pacific area. As she is one of the largest Pacific Powers, we should have no justification for attempting to oppose this. But her most direct interests will be in the North Manchuria, Korea, Saghalien and the Kuriles, and, if we adopt an understanding attitude regarding her wishes there, she seems unlikely to make trouble for us in the southerly regions where our own interests lie. We could not effectively oppose any measures which Russia might decide to take in the north for her own security, and we should therefore be ill-advised to try. If we did try, she might retaliate by holding out a helping hand to Japan, which the latter would be only too ready to seize.

64. The likeliest ground of conflict within the Four-Power system in the Far East lies in Russo-Chinese relations. The Russians concurred in the declaration made at Cairo in respect of Korea and Manchuria. Even if we assume that this means complete Russo-Chinese agreement on these points (a very large assumption indeed), there remain the questions of Outer Mongolia, Sinkiang and the eventual attitude and behaviour of the Kuomintang towards the Chinese Communists. None of these matters as such is likely to affect British strategic interests. It is, however, conceivable that we might become embroiled with Russia as a result of a Russian policy in regard to these matters violently opposed to Chinese and United States interests and to British and American sentiment.

Foreign Office, 29*th April*, 1944.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222946

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

SOVIET UNION. May 2, 1944.

CONFIDENTIAL. SECTION 1.

(16553)

[N 2648/183/38] Copy No. 163

SOME HISTORICAL TENDENCIES IN RUSSIAN FOREIGN POLICY.

Introduction.

THE U.S.S.R. is the greatest land mass in the world; and its history has been dominated by water. Born in a bog, the Russians grew to statehood along the trade routes of the great rivers; and through the ages the policy of the Russian State has been dominated by pressure towards the open sea. The route to western Europe through the ice-bound port of Archangel was opened up by British traders in the sixteenth century; the ice-free harbour of Murmansk was too far distant to be used as a commercial outlet until the railway age; even more so the Pacific, reached in 1640, but inaccessible until the Trans-Siberian railway was built in the last decade of the nineteenth century. In the Middle Ages the Baltic coast was closed to the trading towns Novgorod and Pskov by the Teutonic knights; and when these towns were taken over by the rising power of Muscovy, the way to the Baltic was still closed by Swedes, Germans, Lithuanians and Poles. It was not until the beginning of the eighteenth century that Peter the Great "opened a window to the west" in hard fighting, and not till the end of the century that the whole coastline from Viborg to Memel was in Russian hands. In the eighteenth century the Russians also established themselves for the first time on the Black Sea. Azov was finally annexed from the Turks in 1739; and by 1812 Russian control extended from the mouth of the Danube to Georgia.

2. Two clear tendencies are apparent in Russian policy since the eighteenth century, which, since they are due to purely geographical considerations, have survived the Tsarist régime. The first is the continuing pressure for access to the open sea. This accounts for her interest in Petsamo (a better port than Murmansk) and in the Persian Gulf, and suggests that she will want a port on the Pacific (such as Port Arthur or Dairen) which does not, like Vladivostok, have to be kept open by ice-breakers in winter. It has also caused Russia to be vitally interested in the Straits, as controlling the exit from the Black Sea. This interest will continue undiminished and indeed increased as Soviet industry recovers and expands; to it may be added a desire for a share in the régime of the Sound, as controlling the exit from the Baltic.

3. A second tendency in recent Russian history, though not always clearly defined, has been a desire to push forward her frontiers (especially her Asiatic frontiers) until they come up against a stable political unit. In distinction to the policy sometimes pursued by Great Britain, Russia has never welcomed an uncertain frontier or neighbours so weak that they may not be able to maintain internal order; and when faced with such a situation she has frequently advanced her own frontiers, less perhaps out of pure acquisitiveness, than from a desire not to become involved in incidents which get beyond her control. This consideration may help to explain Russian intervention at various times in Manchuria, Mongolia, Sinkiang, Persia, Transcaucasia—areas which, with the exception of the last named, she has apparently not wished to annex.

4. In Europe there has been the same tendency to push forward her frontiers or at any rate to increase her influence in the neighbouring States, but the reasons have been mixed. Thus, it was the pressure towards the open sea that brought them to the Baltic seaboard in the eighteenth century and again to-day, and which explains their perpetual hankering for the Straits; and while their nineteenth-century adventures in the Balkans were encouraged by the decay of the Turkish Empire, they were primarily designed to prevent them, and above all the Dardanelles, from falling under the control of any other major Power. Finland, which had never existed as an independent State until the Russians quite readily acknowledged her independence in 1918, was taken over from a rapidly declining Sweden in 1809, and retained a semi-autonomous status within

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

the Russian Empire. Russian interest in Finland to-day seems to be confined to protecting the Gulf of Finland and the approaches to Leningrad, and to reappropriating Petsamo. Poland falls into a category by itself, which is dealt with in paragraphs 11 and 12.

A.—*Germany and the Former Habsburg Monarchy.*

5. History is of only limited value in any attempt to predict post-war relations between the U.S.S.R. and Germany; too many important factors have changed. Thus, down to 1914 the position was complicated by the existence of the Habsburg Monarchy; whilst from 1917 to 1933, and even later, the French policy (or alleged policy) of supporting a *cordon sanitaire* of East European States against the U.S.S.R., as well as against Germany, naturally affected the relations between these two States.

6. Subject to these reservations, one or two constants can be discovered in Russian relations with Germany:—

(1) A desire to keep Germany (or any other Power) away from the east coast of the Baltic.
(2) Opposition to a German advance into Poland, which is normally countered by a compensating Russian advance.
(3) Opposition to non-Russian penetration into the Balkans, and in particular towards the Straits.
(4) Opposition to any grouping in Central Europe which might be used by Germany as a weapon against Russia.

7. The last century of Russo-German relations may be summed up in three periods: (*a*) 1815–1871, the period of the unification of Germany; (*b*) 1871–1918, the period in which Germany tried for the first time to dominate Europe; (*c*) 1918–1941, the period between the two wars.

(*a*) 1815–1871.—In this period Russia, like Great Britain, did nothing to impede the unification of Germany under Prussia: both Powers appear to have viewed it without concern. In the case of Russia this was largely due to the feeling that Russia and Prussia had common interests as the two great autocratic Powers both determined to keep Poland in subjection, and also because Russia thought, mistakenly as it proved, that it was in her interest to see Austria weakened. On the other hand, St. Petersburg regarded the Governments of Berlin and Vienna as strongholds of conservatism in a dangerously radical world, and gave them moral support against liberalism and Hungarian and Polish nationalism, even to the extent of direct intervention in Hungary in 1849.

(*b*) 1871–1918.—During this period, Russia gradually drew away from the Central Powers into alliance with France and an active pan-Slav policy in the Balkans. The reasons for this were partly a desire to maintain a balance of power against an excessively strong German–Austrian combination, but more specifically the direct Austrian threat to the Balkans considered in paragraph 9.

(*c*) 1918–1941.—After the war of 1914–1918 the position was exceptional in that the Bolshevik Government of Russia was regarded as an outcast by the Western Powers, who participated in armed attempts to overthrow it. Russia was thus thrown into the arms of Germany (Rapallo Treaty, 1922). A close understanding grew up between the Reichswehr and the Red Army. This understanding, however, was based only on weakness, isolation and temporary convenience on both sides; it broke down as soon as Germany became once more a strong military Power; and from 1934 the U.S.S.R. was a consistent advocate of collective opposition to German aggression. The reversal of this policy by the U.S.S.R. in 1939 was due to a variety of reasons which it does not fall within the scope of this paper to assess, but which probably included fear that Great Britain and France were in no condition to fight effectively against Germany, suspicion that the Western Powers would leave the U.S.S.R. to bear the brunt of the war, a miscalculation as to the respective strength of the ultimate combatants, and a desire in these circumstances to "buy time" from Germany.

The Baltic.

8. From earliest times the land-locked Russian State pressed towards the Baltic, and here she has most frequently come into conflict with Germany. Peter the Great conquered present-day Estonia, Latvia and Western Karelia from Sweden; present-day Lithuania was annexed in 1795. In the early nineteenth century Prussia and Russia tacitly agreed to share control of the Baltic between them.

Although the war of 1914 to 1918 was not caused by German ambitions in the Baltic, Russia's collapse led to her losing her share of the Baltic owing to German occupation of what were to be the Baltic States and virtual occupation of Finland. During the years of peace, the U.S.S.R. was always very apprehensive of German penetration of the Baltic States and Finland; and when war broke out in Europe in 1939 she reoccupied Western Karelia and the Baltic States.

The Balkans.

9. So long as the greater part of the Balkan Peninsula was under Turkish rule, Austria-Hungary and Russia could be allies as well as rivals, compensating each other at Turkey's expense. But as the Balkan States emerged from the crumbling Ottoman Empire this intermittent alliance turned into open rivalry in which each Power aimed at setting up and maintaining in power Governments friendly to itself in the nominally independent or autonomous States. Each Power used such weapons as came to hand. The Pan-Slav appeal won support for Russia in Bulgaria, Serbia and Montenegro and even from the Croats and Slovenes inside the Austrian Empire; the appeal of Orthodoxy was used—though this with less success—in Roumania and Greece as well as in the Slav countries. Austria, who was not in a position to make any such positive appeal to Balkan nationalism, relied mainly on the economic and strategic power given her by possession of the plain of Hungary and the Upper Danube Valley, controlling all the trade routes and railways to Central Europe, and she skilfully played off the Balkan Powers against each other. 1878 is the decisive date. In that year Russia's scheme for a "big Bulgaria" with access to the Ægean—by her influence over which Russia hoped to sidestep the Straits—was checkmated by the combined efforts of the other Powers. In this, Great Britain and Austria-Hungary were protagonists. Germany, so long as Bismarck remained in power, was always reluctant to back her Austrian ally against Russia (with whom she had a reinsurance treaty) in the Balkans. After 1878 Austria-Hungary skilfully used Bulgarian disappointment to lure influential ruling groups in Bulgaria over to opposition to Russia, who had proved to weak to gratify their territorial ambitions. Austria-Hungary's annexation of Bosnia and Herzegovina in 1908, and the consequent threat to the independence of Serbia, combined with plans for a Berlin–Bagdad railway, drove Russia to desperate measures to keep the Central Powers from controlling the whole of the Balkans and the Straits. Her first retort came in the Balkan wars of 1912–13, but the triumphant unity of the Balkan League inspired by Russia was upset by the defection of Bulgaria, who, at the instigation of Austria-Hungary, attacked her former allies. Her defeat in 1913 ensured her loyalty to Austria and Germany in the war of 1914 to 1918, and her fresh disappointment in the Treaty of Neuilly left her an easy prey to Nazi influence in the 1930's.

10. Austria-Hungary did not survive 1918; but in the 1930's Hitlerite Germany succeeded to her dominating economic and strategic position *vis-à-vis* the Balkans, first by means of trade agreements, then more directly by annexing Austria and Czechoslovakia. These moves met with the obvious disapproval of the U.S.S.R.; and even in 1940–41, before the German attack on the U.S.S.R., when the latter was still neutral, the Soviet Government and press encouraged Greece, Yugoslavia and Bulgaria to resist Nazi penetration and aggression.

B.—*Poland.*

11. Russo-Polish hostility has never ceased since the sixteenth century and earlier. Poland, although a Slav nation, derived its culture and the Catholic faith from Western Europe while the Eastern Slavs were still subjected to the Mongols and Tartars of the Golden Horde. When Muscovy, the successor to Kiev as the major Russian principality and the inheritor of her Byzantine culture and orthodox religion, shook herself free and began to enlarge the area of her authority, she found the Poles, then in alliance with Lithuania and a Great Power, in control of what is now White Russia and the Ukraine and ruling an empire which stretched from the Black Sea to the Baltic. Although in the sixteenth century Muscovy began to clear the Russian lands, at the beginning of the seventeenth century the Poles were in Moscow itself. After incessant fighting, during which Poland appeared in Russian eyes as the hereditary enemy and the hostile Imperialist Power, the tables were finally completely turned at the end of the eighteenth century when, with the assistance

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

of Prussia and Austria, Russia succeeded in destroying Poland in the Third Partition of 1795. Russia has always been obsessed by the fear that Poland might revive as a Great Power and, indeed, after the collapse due to the revolution in 1918, she almost did so. Thus what began as fear and dislike of a foreign oppressor with an alien culture and religion has developed into a rooted hostility (a feeling fully reciprocated by the Poles) and the determination that, indirectly if possible, but directly if necessary, Poland shall be subordinated to Russian influence and policy.

12. The frontier established in 1795, which was retained as the frontier between Russia and Congress Poland(1), corresponds roughly with the Curzon Line and with what Russia has, for 150 years, considered as the western limit of the Eastern Slav peoples. Russia's annexation of Congress Poland in 1815 was a major incident in the complicated and delicate business of redistributing the ceded territories of the French Empire and its client States. The annexation of Poland proper has always proved indigestible; when at last Polish independence was recognised by Russia in 1918, Poland unwisely took advantage of her temporary weakness to push Russia back beyond what Russia considered her due. In consequence of this, the German move eastwards into Poland in 1939 led, as in the eighteenth century, to Russian reoccupation of this line.

C.—*France.*

13. Since Germany's rise to power in the second half of the nineteenth century, there has been a tendency for France and Russia to draw more closely together. The only exception was the period from 1917 to 1933—a period of the eclipse of both Germany and Russia as first-class Powers—when internal social considerations predominated in committing France to the policy of the *cordon sanitaire*. But the industrialisation of the U.S.S.R. and the advent of Hitler restored the same relations of power as prevailed in the twenty years before 1914; the U.S.S.R. joined the League of Nations at French instance in 1934 and the Franco-Soviet Mutual Assistance Pact was signed in the following year. The Franco-Russian alliance, moreover, was strengthened by the agreements made by both of them with Czechoslovakia, which, as a Slav Power in the heart of Europe, had most to fear from German expansion into the Danube Valley towards control of the Balkans.

14. But in 1939 France failed to invoke the Franco-Soviet alliance, and Czechoslovakia paid the price. Two reasons for this breakdown stand out among others: (1) France was not united in accepting the Russian alliance. It was ten months before the pact signed by M. Laval was ratified. As before 1914, although for different reasons, there were ideological objections to the Russian alliance, coming now from the considerable section of the French population for whom fear of communism continued to be a very real thing; (2) the military value of the Russian alliance was seriously underestimated, partly in consequence of the great purge of 1937–38 in the U.S.S.R. For both these reasons French policy tended in every crisis to put close co-operation with Great Britain before the Russian alliance, until finally at Munich this preference broke the Franco-Czech-Russian grouping.

D.—*Turkey and the Straits.*

15. Russia has two primary interests in the Straits, strategic and economic. The latter has been secured since 1829, when the Treaty of Adrianople established that unarmed ships should have unhindered passage through the Straits when Turkey was at peace. It was vital for pre-revolutionary Russia that this right of passage for her wheat and (later) oil exports should be maintained; and though these exports have diminished since 1917, the principle of free passage still remains important.

16. Russia has two strategic aims in regard to the Straits. She always wishes to exclude the fleets of other Powers from the Black Sea; and she may wish to assert a right of egress for her own fleet, as well as desiring to keep the Straits open as a channel for supplies. Which of these aims is uppermost in

(1) "Congress Poland" was the Polish Kingdom as it emerged after the Congress of Vienna in 1815. It comprised the kernel of the Polish lands around Warsaw and was included in the Russian Empire with the Russian Tsar as king, but with its own constitution and a large measure of autonomy.

the mind of the Russian Government at any given time depends on her relations with other Powers. In the Russo-Turkish Treaty concluded at Unkiar Skelesi in 1839 at a moment when Turkey happened to be at Russia's mercy, Russia temporarily attained both aims at once. The first aim was still secured by the London Convention of 1841, which excluded foreign warships so long as Turkey was at peace. But during the Crimean War England and France, in alliance with Turkey, sent their fleets into the Black Sea. Again, in 1878, Russia's vulnerability to sea attack was demonstrated; the despatch of a British fleet to the Dardanelles saved Constantinople and the threat of British sea power was largely responsible for overthrowing the Treaty of San Stefano, by which a pro-Russian Bulgaria with access to the Ægean had been created. In the war of 1914–18, although Russia was not threatened with the passage of foreign vessels into the Black Sea, her inability to control the Straits hampered her in the opposite direction: owing to the adherence of Turkey and Bulgaria to the German side, she could neither send her fleet out into the Mediterranean nor receive supplies through the Straits. In the present war, even with Turkey neutral, U.S.S.R. has once more been cut off from the west by German occupation of Bulgaria and the Ægean Islands.

17. In 1915 the possession of Constantinople, of European Turkey up to the Enos Midia line, and of both sides of the Bosphorus and Dardanelles, was promised to Russia by Great Britain and France. This promise fulfilled the most extreme demands of the Russian Foreign Office and was the result of hard bargaining at a stage in the war when Russia had just suffered heavy military defeat and the Allies regarded it as essential to keep her in the war. This secret agreement was upset by the 1917 Revolution, and again Russian vulnerability to sea power was exposed during the period of intervention, when Turkey's collapse allowed the British and French fleets to enter the Black Sea at will. The Treaty of Lausanne (1923) perpetuated this state of affairs by demilitarising the Straits altogether and thus in effect leaving them open to any strong naval Power—a situation which Russia has always regarded as less satisfactory than having them fortified, even by a potentially hostile Turkey. This, for the U.S.S.R., most unsatisfactory settlement was not reversed until 1936, by the Montreux Convention, and then only partially. Turkey was again accorded the right to fortify the Straits. Warships of belligerents were in almost all contingencies excluded, but the Turkish Government had a certain discretion in this matter. The U.S.S.R. is probably not satisfied with the Montreux Convention, although in 1941 she reaffirmed her loyalty to its terms. In 1939 negotiations for a Turko-Soviet Pact of Mutual Assistance were shipwrecked by Soviet insistence that Turkey should promise to use her discretionary powers under the Convention in such a way as to keep the Straits closed to warships of non-Black Sea Powers when Turkey was not herself at war. The ideal solution from the Soviet point of view was perhaps that laid down in the Soviet-Turkish Treaty of 1921, by which the régime of the Straits was to be decided by the Black Sea States only.

18. After the present war, it is possible that the U.S.S.R. may again press for a modification of the Montreux Convention. In the past, Russian policy has normally been to preserve a weak Turkey at the Straits as a lesser evil than control by a strong sea Power or group of Powers, but to press for seizure of the Straits herself if (as at the end of the nineteenth century, and again in 1915) Turkey is either in danger of collapse or at enmity with the Western Powers. The drawback to control of the Straits by Turkey, from the Russian point of view, is exhibited clearly in time of war, when a weak Turkey can be dominated by Russia's enemies, whether they are the naval Powers Great Britain and France (as in the Crimean War, 1878 and 1918–20) or Germany occupying the Balkans (as in 1914–18 and the present war). It should be noted that either the Anglo-French combination or Germany have shown themselves capable of closing the Baltic to Russia as well as the Black Sea, and did so in 1853–56, 1914–18, 1918–20, and 1941–44.

E.—*The Middle East.*

(a) *Turkey.*

19. The main problem in Russo-Turkish relations, as we have seen, has always been control of the Straits. But a secondary source of friction, also on occasion involving other Powers, has been the Caucasian frontier. The isthmus between the Black Sea and the Caspian, crossed by strategic and trade routes

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

west and east, has always been of great importance to Russia; and this importance has been much enhanced in the last half century by the discovery of oil at Baku, still far the largest single source of Soviet supply.

20. The present Caucasian frontier was established in 1828–29, and has remained roughly unchanged ever since (Kars, Ardahan and Batum were acquired in 1878; Kars and Ardahan retroceded to Turkey in 1921). From that time to the present Russia's policy has been defensive on this turbulent, mountainous, polyglot frontier. Where she has overstepped the frontier it has normally been for punitive purposes or the establishment of order. In the nineteenth century the main threat came from unruly tribesmen, frequently egged on by the Turks, from gun-runners and subversive agents, often British and still more often believed to be British by the Russians. In the twentieth century there has been added to this anxiety the determination to secure the oil of Baku from annexation or bombing. In 1917–18, Georgia was occupied by the Germans and Russian Azerbaijan by the Turks; from 1918 to 1920 they were succeeded by the British in control of the oilfields. These episodes have certainly not been forgotten by the Russians; and the Soviet Government is also aware of the much more recent conversations between Turkey, France and Great Britain regarding the bombing of the Caucasian oil-wells.

(b) *Persia and Afghanistan.*

21. Anglo-Russian rivalry in Persia and Afghanistan first developed with the extension of Russia's frontiers between 1864 and 1885 to include what are now the Central Asian Republics. Both Powers were interested in this area less for its own sake than by reason of its strategic significance. There is not sufficient evidence to suggest that access to the Persian Gulf was ever a primary Russian objective. Russia always feared an extension of British influence in Persia, possibly leading to partition: she countered by seeking to monopolise trade with Northern Persia and to establish a preponderant influence over the Persian Government. This activity led Great Britain to fear a threat to her paramount position in the Persian Gulf and hence to the security of India.

22. The seriousness of the Russian threat to India was greatly exaggerated in the nineteenth century, and it is doubtful whether any such scheme was ever seriously entertained by the Tsarist Government itself, although the latter was frequently unable to control some of its more enterprising military commanders and diplomats on the spot. Russian objects in Central Asia were the establishment of civilised government and the maintenance of order along a long and unruly frontier. India was too far distant and communications too difficult, for the inefficient and top-heavy state apparatus of Tsarist Russia ever to have contemplated undertaking its conquest. But fear of Russian aggression was strong in the minds of the British Government and the Government of India, and was among the causes of the unsympathetic British attitude towards Russia in the Russo-Japanese war. The disastrous consequences of this war, coupled with the growing threat from Germany, made the Russian Government willing to listen to British proposals for an arrangement which would put an end to Anglo-Russian rivalry in the Middle East. The outcome was the Anglo-Russian Agreement of 1907 covering Persia, Afghanistan and Tibet. Two spheres of influence were recognised in Persia, Russian in the north and British in the south-east: British predominance in Afghanistan was recognised. This agreement, though unfortunate in its effects on British relations with Persia and Afghanistan (who never recognised it), was successful in preventing Anglo-Russian rivalry in the Middle East from seriously complicating Anglo-Russian relations. In 1915, when Great Britain admitted the Russian claim to the Straits, Russia in return assented to the incorporation in the British sphere of influence of the central region of Persia, which had been left "neutral" by the Agreement of 1907.

23. 1918 to 1926 was a period of active Russian propaganda in the Middle East. By repudiating the 1907 Agreement, by renouncing all its concessionary rights in Persia and by other similar gestures, the U.S.S.R. proclaimed itself the champion of small eastern nations against "western exploitation" in general and "British imperialism" in particular. From 1926 onwards, however, with the victory of Stalin over Trotsky, Comintern propaganda declined sharply in intensity, but Russian commercial penetration continued after this date until succeeded by German penetration in the '30's. During the whole of this period the Russian attitude to Persia and Afghanistan was one of non-intervention and formal correctness, apart from one lapse in 1929, when armed intervention was attempted in Afghanistan.

24. In 1941 common necessity again compelled Great Britain and Russia to take common action in Persia, this time to secure the Russian rear and to establish a channel of supplies. The Anglo–Soviet–Persian Treaty of 1942 provides that all foreign troops shall be withdrawn from Persia six months after the termination of hostilities with Germany and her associates (*i.e.*, six months after the end of the Japanese war). The Tehran Declaration signed by Marshal Stalin, President Roosevelt and Mr. Churchill in 1943 reaffirms the desire of the three Powers for the maintenance of Persian independence, sovereignty and territorial integrity. Stalin had already stated in November 1941, that the Soviet Union had no territorial designs on Persia. Nevertheless the Soviet–Persian Treaty of 1921 is still in force: under this treaty Russia has the right to send troops into Persia if the latter's territory is used as a base for military operations against Russia or to threaten its frontiers.

(c) *The Moslem World.*

25. It should not be forgotten that the U.S.S.R. is a great Moslem Power. Tsarist Russia was never able to make full use in foreign policy of its Moslem interests, or of its Ukrainian interests, because of its internal policy of Russification. The U.S.S.R., however, when all the necessary qualifications are made, has given a certain liberty to its subject populations. What is more important, she has won the reputation abroad of giving even more independence than has in fact been granted, though there has been, and is, a considerable mistrust of Russia by Moslem leaders especially among the Arabs.

F.—*The Far East.*

26. The Amur Region and the sea coast down to the site of Vladivostok were seized from China in 1858–60, but Russian intervention in Chinese affairs dates only from the end of the nineteenth century, when Russia joined the other European Powers in the scramble for concessions. From that date Russia has consistently intervened when China has been weak, normally to obtain compensation for herself when economic or territorial concessions have been secured by other Powers, occasionally to co-operate with China against other groupings. Thus, in 1895, Russia (together with France and Germany) intervened to stop Japan annexing Port Arthur; she also obtained from China in 1896 the right to build a railway straight across Northern Manchuria to Vladivostok (the Chinese Eastern Railway) and in 1898 the lease of Port Arthur (ice-free all the year round, unlike Vladivostok). The Anglo-Japanese alliance of 1902 and Russia's defeat in the war of 1904–05 were Japan's reply to what she regarded as the increasing Russian menace to Manchuria and Korea. By the Treaty of Portsmouth (1905) Russia yielded the southern half of Sakhalin, Port Arthur and in effect Southern Manchuria to Japan, besides acknowledging Japanese control over Korea. After the war of 1905 there was a Russo-Japanese rapprochement culminating in a secret treaty of military alliance in 1916 clearly aimed against the United States.

27. After the 1917 revolution, there was a sharp deterioration in relations between Russia and Japan (who participated in the ill-fated Siberian expedition). In relation to China the U.S.S.R. succeeded to the position of Tsarist Russia even in Outer Mongolia, and in Sinkiang, which later came under virtual Soviet control in 1934. The Soviet Government was not a member of the League when Japan seized Manchuria and took no action. They have, however, never recognised the "independence" of Manchuria *de jure*, although they recognised it *de facto* by the sale of Soviet rights in the Chinese Eastern Railway to Manchukuo–Japan in 1935.

28. Soviet advisers played an important part in the building up of Sun Yat Sen's China, but were expelled in 1927 on suspicion of instigating a Communist revolution, and up to 1931 relations between the U.S.S.R. and China were strained. Only a small Communist army survived in the north-western region of China, and the Soviet Government, in the thirties, became far more interested in encouraging China to oppose Japan, particularly after the signature of the Anti-Comintern Pact between Japan and Germany in 1936. When Japan invaded China proper in 1937 the U.S.S.R. at once signed a non-aggression pact with China, and help on a considerable scale was sent to Chiang Kai-shek.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222953

29. There were constant Russo-Japanese frontier incidents in the 1930's, culminating in major clashes in 1938 and 1939; in each case Japan suffered a decided rebuff. In April 1941 a neutrality pact was signed between the U.S.S.R. and Japan, by which each Power agreed to remain neutral during any period in which the other might be "the object of military action on the part of one or several Powers," and to respect the "territorial inviolability" of the other. The U.S.S.R. pledged its respect for the territorial integrity of Manchukuo (although not formally recognising it *de jure*) and Japan agreed to respect the status of the Mongolian People's Republic. The pact is effective for five years, automatically renewable for a further five-year period unless one side denounces it a year before its expiration (*i.e.*, before the 13th April, 1945). Meanwhile, the Trans-Siberian Railway has been double-tracked throughout its whole length, and a second railway to the Pacific running much further north of the Manchurian border is under construction. The U.S.S.R. used its increasingly favourable strategic position *vis-à-vis* Japan, to extract new concessions at each annual renewal of the fisheries agreement and has now, by the protocol of the 30th March, 1944, terminated the Japanese oil and coal concessions in the northern (Soviet) half of Sakhalin granted in 1925: Japan will obtain no more oil from this source other than accumulated stocks until after "the termination of the present war."

Foreign Office, May 1944.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Australia and - U.S -

C222954

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on.]

[CYPHER]

WAR CABINET DISTRIBUTION

FROM CAIRO (MINISTER RESIDENT) TO FOREIGN OFFICE

Lord Moyne.
No. 1214.
12th May, 1944.

D. 12.05 a.m. 13th May, 1944.
R. 2.00 a.m. 13th May, 1944.

v v v

IMMEDIATE

Following from Jordan.

Talks regarding Saudi Arabia with Landis, Moose and Gunther are being resumed here.

2. The Americans state that they have received instructions that future assistance to Saudi Arabia will be on a fifty-fifty basis. Is this agreed by you?

3. If this is agreed, there would still be the point that American aid would be on Lend-Lease terms and not a gift. In the case of silver, the Saudi Arabian Government have signed an undertaking as required by Act of Congress to buy and return it within five years after the war. Can you say whether our subsidy is a gift or a credit?

4. Please reply urgently.

[Copies sent to Mr. Wiltshire.]

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222955

OUTWARD TELEGRAM

[THIS TELEGRAM IS OF PARTICULAR SECRECY AND SHOULD BE RETAINED BY THE AUTHORISED RECIPIENT AND NOT PASSED ON].

R. 7373/1240/57.
[CYPHER]. WAR CABINET DISTRIBUTION.

FROM FOREIGN OFFICE TO WASHINGTON.

No. 4166. D. 4.45 a.m. May 13th, 1944.
May 12th, 1944.

yyyyy

Please ask J.S.M. to show you COS (W) 4 of April 21st, Z0105 of April 22nd and J.S.M. 42 of May 8th and numerous telegrams from Sir D. Osborne which have been repeated to you about Vatican proposal to bring food to Rome by sea.

2. We concur in the amendments to joint reply proposed by United States Chiefs of Staff (J.S.M. 42) but on reconsideration we are now inclined to think that it would be unwise for His Majesty's Government and the United States Government to make any public statement about Vatican proposal and terms of our joint reply with intention of fixing responsibility on Germans. When we originally suggested a public statement Germans had not accepted Vatican proposal in principle and in view of that and of lapse of time since Vatican proposal was originally made we think that Germans could make dangerous use of any public statement among Italian population.

3. Please discuss whole matter with State Department and if they concur in terms of proposed Anglo-American reply to Vatican ask them whether they would agree to reply being made simultaneously by Sir D. Osborne and his United States colleague. As State Department can only communicate with United States Representative at the Vatican through Berne would State Department be prepared to send him instructions through us to ensure simultaneous action with Sir D. Osborne.

4. Please inform State Department that instructions have been sent to Commander-in-Chief A.F.H.Q. to ensure insofar as is possible immunity from air attack for convoys of Vatican lorries bringing food to Rome by land.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Italy

C222956

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER]

WAR CABINET DISTRIBUTION

FROM NAPLES (HIGH COMMISSIONER) TO FOREIGN OFFICE

Sir N. Charles D.10.45 a.m. 13th May, 1944.
No. 115
12th May, 1944. R. 8.10 p.m. 14th May, 1944.

Repeated to Resmin. Med. No. 63.

T T T T T

IMMEDIATE.

My telegram No. 112.

The Marshal informed General MacFarlane this afternoon that there was no (repeat no) question of a split in the cabinet. He explained that the original resolution put forward by the Action party was in far more [1 gp. undec.] than to fulfil the terms and that the party had threatened to withdraw from the Government if the resolution were not passed. The Marshal had succeeded in watering it down considerably and the party state that they are satisfied with having registered their protest.

2. My Soviet colleague who saw Croce this morning has the impression that the incident is not likely to lead to any resignations from the Cabinet.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222957

[THIS TELEGRAM IS OF PARTICULAR SECRECY AND SHOULD BE RETAINED BY THE AUTHORISED RECIPIENT AND NOT PASSED ON].

[CYPHER]. WAR CABINET DISTRIBUTION.

FROM LISBON TO FOREIGN OFFICE.

Sir R. Campbell.
No. 844.
May 12th, 1944.

D. 1.25 a.m. May 13th, 1944.
R. 6.15 a.m. May 13th, 1944.

Repeated to Washington.

yyyyy

IMPORTANT.

My telegram No. 820 paragraph 4.

Corporation report today that small seizures of immobilised mineral have taken place in North Portugal, apparently under direct instructions from C.R.C.M. Lisbon. While it had been our intention in any event to make token deliveries of about 20 tons this month only 2 or 3 tons had actually been delivered at the time of seizures. It appears too early to say whether the seizures represent a deliberate attempt to extract from us the 150 tons allegedly due to the Germans, or merely indicate impatience at the slowness of our deliveries. It would be difficult at this stage to complain to Dr. Salazar on basis of his statement that means might be effected of delaying delivery without giving the impression that we agreed in principle to ultimate delivery to the Germans of this quantity. The wolfram committee accordingly has decided to defer any action for a few days pending further developments. These occurences however show the importance of reaching a joint Anglo-American decision on the main wolfram issue at the earliest possible moment.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

OUTWARD TELEGRAM

C222958

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

R 7291/691/22

[CYPHER] WAR CABINET DISTRIBUTION

FROM FOREIGN OFFICE TO NAPLES (HIGH COMMISSIONER)

No.101 D. 2.35 p.m. 13th May, 1944

13th May, 1944

Repeated to Resmin Med No.34 Saving

X X X X

Your telegram No.80 [of May 6th: project to unite Liberal and Christian Democrat Parties].

This, if it can be achieved, would be a useful development provided that Liberal bloc shows some drive and initiative to counter-balance the Communists. If such a bloc is formed many ways could be found for giving it discreet support.

[Copies sent to Mr.Wiltshire].

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Italy

C222959

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPH.R] WAR CABINET DISTRIBUTION

FROM NAPLES (HIGH COMMISSIONER) TO FOREIGN OFFICE

Sir N. Charles
No. 116.
13th May, 1944.

D. 8.30 p.m. G.M.T. 13th May, 1944.
R. 11.30 p.m. D.B.S.T. 13th May, 1944.

Repeated to Resmin. Med. No.64.

[ ] [ ] [ ]

IMPORTANT.

Your telegram No. 77.

Question seems to hinge on two points:-

(1) How great importance do we attach to the continuance of the Badoglio Government and

(2) Having in mind that we must keep military control in our hands until the Germans are expelled, what is the degree of support we must give the present régime so as to avoid political chaos in the country?

2. If we do not sufficiently support the Marshal we run the risks outlined in paragraph 6 of my telegram No. 77. Following are tentative suggestions for helping him in concrete form

(a) More use of Italian fighting troops. This would entail difficult problems but it is thought that Italian morale and enthusiasm have been affected by the fact that we are employing and intend to employ only some of the [group undec. ? crack] troops as combat troops and that these remain armed and equipped almost entirely with Italian weapons and equipment which are naturally short especially as regards ammunition.

(b) Prisoners of war. Feeling in Italy is very marked and is due entirely to the fact that although Italy is co-belligerent we still hold greet numbers of their men as prisoners. If we could find a solution to the difficulty of removing prisoner of war status, the Italian Government and people would be glad to see this personnel used more effectively in the war effort.

(c) Facilitating the return of Italian officials abroad (please see my telegram No. 56) could not security checking be carried out in Southern Italy - culprits could just as well be dealt with by our authorities here or be handed to Italian Epuration Commission who would deal with them effectively (perhaps too effectively)?

(d) .....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222960

(d) Allied Status. [Group undec. ? Suggestion of] Prunas is of course that which Marshal and all Italians would like. It would give Badoglio prestige he wants to have with the Cabinet and people as well as internationally. Can anything be done to meet him?

(1) Would it be possible to tell the Marshal now that Allied status with adequate safeguards will be given at some specific date in the future e.g. when a united Government representing all liberated Italy is functioning in concert?

(2) It might be possible to suggest a preliminary step before grant of Allied status by negotiation, replacement of long armistice terms by something short and snappy which would not [sic] maintain essential control. It would be made plain to the Marshal that military security demanded by the Allies must prove co-operative intentions of the new Government before they could go the whole way to grant Allied status i.e. Italians must pay their passage. In the same way participation at the ultimate peace conference and in lease-lend should be made dependent on results. It might be found feasible to give Italy the benefit of U.N.R.R.A. which would be administered by personnel of A.C.C. I do not think that A.C.C. can be cut down for some time to come both on account of military considerations and because Italian administration is not yet ready for it.

(e) Saving the risk of inflation. Any steps in this direction would be welcomed. Measures are being taken by A.C.C. to avoid a rise in prices e.g. fixing price of wheat at reasonable standard. I am told by experts here that the influence of expenditure of Allied Forces on inflation is apt to be exaggerated and that halving pay would meet with bad reception by the troops in the 5th year of the war.

(f) Increase in food rations. The present bread ration is barely enough for subsistence and General Macfarlane is recommending increase of the present 200 grammes to 300 grammes. This would increase the efficiency of the population and would be well received. With the measures proposed [group undec. ? already] it is not expected that flour requirements would exceed present issues by more than 1/11% while new scale ration plus fixation of price of wheat at the former level holds out hope of solving black market.

3. I agree with Resmin. Med's statement in his telegram No. 648 that with the Italians appearances count for a great deal and the Marshal feels that he must have something tangible to show. Our gesture should not be long delayed. It is clear that the Russians want the initiative

in.....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222961

in Italy from the statement made by Vyshinsky to Tass Agency claiming the initiative in proposing Resmin. Med's resolution before Advisory Council on April 8th (see Resmin Med. telegram No. 579) welcoming the prospect of a broadly based Government.

4. I have put both sides of the case. I must confess I cannot see anybody but Badolgio encouraging such a Government [two groups undec.]. I do not think it is necessary to go the whole way to Allied status, but I think that in our short and long term interests some move is indicated to keep the new Cabinet "sweet" and avoid giving a second game in the rubber to Vyshinsky.

5. Please repeat to Washington as my telegram No. 8 and to Moscow as my telegram No. 3.

[Repeated to Washington No. 4235 and to Moscow No. 1450. Copies sent to Mr. Wiltshire].

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[THIS TELEGRAM IS OF PARTICULAR SECRECY AND SHOULD BE RETAINED BY THE AUTHORISED RECIPIENT AND NOT PASSED ON].

[CYPHER]. WAR CABINET DISTRIBUTION.

FROM NAPLES (HIGH COMMISSIONER) TO FOREIGN OFFICE.

Sir N. Charles.
No. 117.
May 13th, 1944.

D. 6.41 p.m. G.M.T. May 13th, 1944.
R. 10.00 p.m. D.B.S.T. May 13th, 1944.

Repeated to Resmin. Med. No. 65.

yyyyy

IMPORTANT.

My telegram No. 115.

The Marshal told General Macfarlane that Sforza, Omodio and Napoli all made violent speeches in support of the resolution and Togliatti also supported it in moderate terms. He decided that it was in the best interest of the government [grp. undec]allies not to oppose the resolution as finally passed.

2. The Marshal condemned the folly of the Crown Prince in giving interview and blamed the Prince's personal staff who approved the report of the interview when it was submitted by the Times correspondent. He intended to replace the Prince's present staff by arranging the nomination of General Pralermo, Colonel Lutini and reliable civilian advisers.

3. It would appear that Sforza is at the bottom of the trouble and the Marshal told General Macfarlane that however much Sforza may claim to be an elder statesman without party ties, he is in fact leader of the Action Party. My United States colleague tells me privately that he has formed very poor opinion of Sforza.

[Copies sent to Mr. Wiltshire].

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Argentina

C222963

[THIS TELEGRAM IS OF PARTICULAR SECRECY AND SHOULD BE RETAINED BY THE AUTHORISED RECIPIENT AND NOT PASSED ON]

[The text of this telegram must first be paraphrased if communicated to persons outside British or United States Government service or if retransmitted in a cypher system other than O.T.P.]

[CYPHER] WAR CABINET DISTRIBUTION

FROM RIO DE JANEIRO TO FOREIGN OFFICE

Mr. Broadmead
No. 247
13th May, 1944

D. 7.00 p.m. 13th May, 1944
R. 6.50 a.m. 14th May, 1944

Repeated to Washington
Buenos Aires

ddddddd

Buenos Aires telegram No. 504 to you.

As was only to be expected, Minister for Foreign Affairs speech at the State funeral to-day of the late Ambassador at Buenos Aires gave full expression to the friendly feelings between Brazil and Argentina. He said the Ambassador's policy in Buenos Aires had not only been that of Brazil but as the Argentine Minister for Foreign Affairs had said, also that of the Argentine. He went on "our unity is unbreakable and if there may arise differences in method of facing or even resolving certain problems of a general nature, these are not of a kind to alter the deep, intimate and traditional feeling of our fraternal and inseparable destinies."

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222964

AMENDED DISTRIBUTION. 16.5.44.

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

[CYPHER] WAR CABINET DISTRIBUTION.

FROM BEIRUT TO FOREIGN OFFICE.

Sir E.Spears D. 2.39 p.m. GMT. 13th May 1944
No.276
13th May 1944 R. 5.00 p.m. DBST. 13th May 1944.
Repeated to M.E. Min. for Warner.
Resmin Med.

QQQQQQ

IMMEDIATE.

Following from Ambassador to Greece telegram No.3.

SECRET.

[Begins]

My immediately preceding telegram.

Greek first party from Athens visited me yesterday evening. T hey consisted of M. Dragoumis and M. Londos (Popular Party) M. Theotokis (National Popular Party) Colonel Ventiris and M. Stathatos (Nationalist organisation in Athens) and M. Kartalis (EKKA).

2. Main point they put to me was the following. This conference would not satisfy public opinion in Greece unless there were open condemnation of crimes committed by E.A.M. and a demand made for dissolution of ELAS so that a national army could be formed as quickly as possible.

3. They explained that the line taken by E.A.M. and company was that G.H.Q. Middle East require the services of ELAS, and that therefore a national army must be formed out of ELAS who would admit others to join their ranks. They asked me whether this was the correct position and whether in that case there were any objections from the British side to their speaking the whole truth at the conference and formulating clearly what they considered to be necessary in the interests of Greece.

4. I replied that the conference had been called in order that all views might be clearly expressed. The British certainly had no wish to intervene and prevent this purpose from being achieved. We were not tied to any one party or organisation. We were allies of Greece. It was therefore for delegates at this conference to agree on programme which best served the nation and then put conclusions to their allies. There could not be any question of British intervening to prevent any party from expressing its views. If it was decided for reasons which would be fully explained to demand dissolution of ELAS in order to make way for a national army freed from control by any one section the military consequences could be discussed later with British military authorities. I assumed it was the desire of everybody not to interfere with any special operations against the enemy in particular areas and that they would all wish to come to a working arrangement with

/ G.H.Q.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222964 A

G.H.Q. Middle East on this basis.

5. They replied that their wish was to work in closest understanding with the British and they expect no difficulty in allowing existing guerilla units to continue in certain areas where British particularly desired to use their services against the enemy. What was essential was that there should be a formal and public agreement for dissolution of present bands and for their replacement by a national army at the earliest possible date. Any agreement with E.A.M. would be worthless unless they join publicly with others in making a declaration to this effect. Provided British did not intervene in favour of E.A.M.'s claim to preserve their existing bands, they felt reasonably confident that E.A.M. would fall into line with all the others at the conference.

6. I have the impression from many talks I have had during the last three days that E.A.M. delegates have instructions not to let themselves be held responsible for a rupture and that they will therefore accept on paper any conditions agreed to by all other parties in the hope of upsetting the agreement later to suit their own purposes. If this is correct it is clearly in the general interest that any further demands from E.A.M. should be firm and clear cut. Half measures are useless with these people who only respect and understand firmness from others.

7. Both M.Papandreou and the Communists have asked to see me to-day when no doubt these questions will be put to me from their very different angles. I assume that if M. Papandreou takes firm line with E.A.M., which I believe he has every intention of doing, he will receive full backing of His Majesty's Government. My guess, for what it is worth, is that if he does so, E.A.M. will give in. I shall certainly give them no encouragement [grp.undec.?whatever].

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222965

AMENDED DISTRIBUTION (16.5.44)

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

[CYPHER] WAR CABINET DISTRIBUTION

FROM BEIRUT TO FOREIGN OFFICE

Sir E. Spears
No. 278

D. 6.46 p.m. GMT May 13th, 1944.
R. 9.25 p.m. DBST May 13th, 1944.

May 13th, 1944.

Repeated to M.E. Min (For Mr. Warner)
Resmin Med

b b b b

Following from Ambassador to Greece telegram No.4.

SECRET

My immediately preceding telegram.

I visited M. Papandreou this morning. He is much better and will open the conference to-morrow.

2. I reported the conversation I had had with Athenian representatives yesterday and we then discussed the line he should take on the future of ELAS. He agreed that the Athenian representatives should speak their minds freely on the subject of EAM/ELAS, expose crimes committed and ask for dissolution of ELAS. He as the President of the Conference would then see whether the communists intended to provoke a rupture on this point. This he was determined to avoid as he feared that the British and American public would, by his immediate demand for dissolution of the fighting force in Greece, hold him responsible for destroying the possibility of a government of national unity. He would not fall into this trap.

3. He said therefore that if I agreed he would adopt the following tactics. He would demand complete reorganisation of ELAS under orders of the National Government in order that it might be transformed into a national army. At the same time he would demand formally a national army on a non-party basis in areas where it could be most useful. EAM could not refuse this once they had held the principle of a national army. On this basis he would take them into the Government.

4. Although he fully agreed that the existence of ELAS as a party army was harmful to Greece he desired to avoid a rupture now and felt sure that he could in fact achieve the dissolution of ELAS at a later date by the tactics he proposed. Once he had

EAM/

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

EAM in the Government they would in fact be under the control of the majority for two reasons

(a) They would have to share responsibility for the punishment of mutineers in the Greek brigade and navy which would in fact discredit them in the eyes of their violent followers;

(b) They would find themselves completely in the wrong if ELAS in Greece took any action against the new national army which was being formed outside their ranks. If the incidents occurred as the result of ELAS provocation, the national government would be in an overwhelmingly strong position in breaking with EAM. If, added M. Papandreou, the British supported his attempt to form a national army by supplying the necessary arms, by sea if possible, he would before long have a force in Greece strongly backed by the population, which at the end of two months would have nothing to fear from ELAS and would give much better co-operation to the British. I told M. Papandreou that provided he could carry his own support with him I thought these tactics were wiser than going all out at once and provoking the chance of a rupture. Public opinion in Britain certainly desired an agreement and I myself believed it could be obtained at this conference. Once it was obtained his own position and that of his government would be very strong both in Greece and abroad, and EAM could then no longer count on any support if they broke or obstructed the terms of the agreement which would have been made public.

6. M. Papandreou assured me that all his followers had given him [grp. undec. ? authority] to adopt tactics he thought fit even if it meant foregoing immediate dissolution of ELAS, provided I agree with this procedure and that subsequently His Majesty's Government would give their strong backing to Greece when represented by a new national government. I told M. Papandreou that he could give an assurance on both points to his followers who now represent everybody here except Communists.

7. In conclusion M. Papandreou outlined the opening speech which he would make to-morrow morning. I thought it excellent and merely suggested a few points likely to capture the imagination of British public opinion, as his speech may be modified before to-morrow and as it will be published after delivery, I will not report its contents meanwhile. It is quite clear to me from my own observations that he is now master of the situation here and has imposed his strong personality in a striking fashion.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Argentina

C222967

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] WAR CABINET DISTRIBUTION

FROM WASHINGTON TO BUENOS AIRES

Viscount Halifax
No. 302.
13th May, 1944.

D. 7.09 p.m. 13th May, 1944.
R. 4.20 a.m. 14th May, 1944.

Repeated to Foreign Office No. 2510.

[ ] [ ] [ ]

IMPORTANT.

My telegram No. 2441.

Strictly Confidential.

Mr. Hull is to-day giving final considerations to instructions to the United States Ambassador at Buenos Aires to discuss privately at an early date with Farrell or Peron following basis for a rapprochement.

(a) repatriation of German diplomats and officials;

(b) effective internment of remaining German agents and Japanese;

(c) no more favours or diversion of supplies to Axis controlled firms;

(d) publication of Statutory and Proclaimed Lists;

(e) effective control of cargo.

2. While not stipulating Cabinet changes the United States Government hopes these may result; and the United States Ambassador may encourage suitable civilians to participate in the Cabinet or Government.

3. Above is of necessity tentative as last minute stand is being made by certain officials led by Wendelen (late of United States Embassy in Buenos Aires) who, with press support, are urging no compromise and using frightening [group undec.] of appeasement.

4. Official directly responsible for the above is therefore not (repeat not) authorised as yet to disclose this plan; and for fear of possible Brazilian duplicity proposals will not (repeat not) be communicated for a day or two to the Brazilian Government or representative in Buenos Aires.

5. United States Ambassador is however to consult with you as soon as he receives his instructions and before taking action.

6. .....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222968

6. If this attempt at compromise fails Moderates expect to be discredited with Mr. Hull and tough school will have its innings. If therefore you agree and His Majesty's Government have no objection it would seem important to do anything possible without taking undue risks to bring United States and Argentine Governments together on a basis of reasonable compromise.

7. As hinted in my telegram No. 2497 to Foreign Office friendly officials believe the repatriation of German diplomats to be an essential preliminary, both as a public gesture to the moderate United States press and the public by promising more to come and as a step which may bring to a head the fight between the Extremists and the Moderates in the Argentine Cabinet. If the latter win and the focus for German intrigues is thus removed they hope the remainder may follow.

C.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

OUTWARD TELEGRAM

C222969

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on.]

Z.

[CYPHER] WAR CABINET DISTRIBUTION

FROM FOREIGN OFFICE TO ALGIERS (AMBASSADOR)

No. 472. D. 9.30 p.m. 13th May, 1944.
13th May, 1944.

99999999999

IMPORTANT.

SECRET.

Viénot told me on May 12th that he was much troubled that Algiers was completely misunderstanding the present position. They were completely cut off from information because they relied largely on his telegrams to know what was going on in the outer world. He was quite certain that had he been able to explain the position in the last fortnight de Gaulle's outburst, which he himself much regretted, would never have taken place. The best suggestion he could think of to help in the circumstances was that he might be allowed to send his Counsellor M.Paris to Algiers, not to negotiate anything but simply to give Algiers a clearer understanding of our policy and of the reasons for our action in imposing the ban and generally to try to re-establish confident Anglo-French relations. Massigli was now as ignorant as de Gaulle and could not really give any help.

2. I told Viénot that I felt sure that you would do all you could to explain the position. He agreed but said that this could not be as fully effective as assurances from a Frenchman. I said that the difficulties were, I feared, very great indeed. If I were to agree to this proposal I should immediately be innundated with a series of demands. Either a ban like this had to be maintained almost without exception or it would be so weakened as soon to have to be abandoned.

3. Viénot's second point was that he understood that General Eisenhower proposed to make a proclamation if and when there were an Allied landing in France. He hoped very much that we would look at this for it was of course an important political document. We must not underrate Vichy's propaganda which had recently been carried out under Henriot, with devilish skill. He suggested that General Eisenhower's proclamation might be accompanied by some message from General de Gaulle and he thought that it would be of the greatest value if the Prime Minister himself could, a few days after the landing, speak to the French people as he had spoken.....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

spoken to them in October 1940. The words then used by the Prime Minister needed few changes to fit them to present conditions and their effect in France would be profound.

4. Since my conversation with Viénot permission has been given for General Koenig to despatch a cypher telegram to Algiers on the strength of his word of honour. Viénot expressed to Sir A.Cadogan this morning his satisfaction at this development.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Iran

C222971

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] WAR CABINET DISTRIBUTION

FROM TEHRAN TO FOREIGN OFFICE

Sir R. Bullard
No. 487
13th May, 1944.

D. 1.15 p.m. GMT 13th May, 1944.
R. 4.20 p.m. DBST 13th May, 1944.

Copies by bag to:- Moscow
Government of India
Bagdad and M.E. Min.

:-:-:-:-:

IMPORTANT

CONFIDENTIAL

My telegram No. 25 Saving.

Bolivar informs me in confidence that Soviet Government are withdrawing their Ambassador Mikhailov on the ground of ill-health and have asked for agrément of present Counsellor and Chargé d'Affaires Maximov as Ambassador. I have little doubt that withdrawal of Mikhailov is due to his failure to induce Iranian Government to accept Soviet's offer of war material.

[Copies sent to Mr. Wiltshire].

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] WAR CABINET DISTRIBUTION

FROM ALGIERS (AMBASSADOR) TO FOREIGN OFFICE

Mr. Duff Cooper
No: 560
13th May, 1944.

D. 5. 20 p.m. 13th May, 1944.
R. 10.00 p.m. 13th May, 1944.

11111

IMMEDIATE

My immediately preceding telegram.

Court was requested to deliver judgment on following points.

(1) Did Derrien in November 1943 capitulate to the enemy and hand over Port of Bizerta without having taken all possible measures of defence?

(2) Did he permit capture of certain units of the Fleet on December 8th 1942?

(3) As regards (2) did he act

(a) voluntarily
(b) with negligence or
(c) with incompetence?

(4) Were there extenuating circumstances?

2. Court replied in the negative to number (1) and in the affirmative to numbers(2) and (3)(a), it admitted extenuating circumstances. Points (3)(b) and (c) did not therefore arise. Under Article 240 of Military Code voluntary surrender of the Fleet is punishable by death but in view of the extenuating circumstances sentence was commuted to one of imprisonment for life with hard labour. Owing to the fact therefore that Derrien was over sixty, sentence of hard labour will under Law of May 30th 1854 be remitted automatically. He is deprived of his nilitary rank. The Court also ruled that his name should be removed from the Roll of the Legion of Honour.

3. General Weiss asked for the death penalty but it appears that strong speech by counsel for the defence made a deep effect and may to some extent have been responsible for decision of the Court to forego imposing death penalty.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Turkey

C222973

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] WAR CABINET DISTRIBUTION

FROM ANGORA TO FOREIGN OFFICE

Sir H. Knatchbull-Hugessen,
No. 743. D. 9.19 p.m. 13th May 1944.

13th May 1944. R. 3.15 p.m. 14th May 1944.

Repeated to Washington.

rrrrrr

IMMEDIATE

Your telegram No. 581.

We have had full discussion with United States Embassy.

2. In our joint view governing factors in this problem are:

a) Turko-Hungarian Agreement is hard to reconcile with assurance in Turkish note of April 17th, and which establishes precedent for similar agreements with Roumania and [grp.undec.? Germany]

b) Application of blockade, originally threatened in our note of April 14th, and therefore before chrome decision, would have adverse political repercussions and might also react against ourselves, e.g. [grp.undec.? by] giving Turks loop-hole for more extensive agreement with the Axis, including perhaps chrome in return for goods cut off by us, such as petrol. Moreover, we must recognise that, in final analysis blockade weapon is far less effective in dealing with Turks than with e.g. Spaniards or Swiss.

c) United States Ambassador states that Minister for Foreign Affairs informed him on May 12th that he is prepared to sign forthwith agreement with United States and United Kingdom engaging Turkey to reduce immediately and unconditionally exports to the Axis of strategic commodities listed in our notes of April 14th by 40% of 1943 figures and to apply this on a monthly basis; and, in respect of remaining 60%, to submit to Allied Embassies through his bureau all orders to Axis for essential commodities which would involve strategic exports as counter value. Under this agreement we should be sure of 40% reduction, and a further reduction corresponding to our ability to replace Axis supplies of essential goods.

d) We have Minister for Foreign Affairs's past record and can assume that he is out to give away as little as possible. We should if possible avoid doing battle on ground of his choosing and in particular should not be lead into statistical discussions which would give him the opportunity for procrastination and bargaining.

e) Time factor is of paramount importance firstly to make the Turks understand that we are in earnest, secondly to prevent

/renewal....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

renewal of Clodius and other Axis agreements, and thirdly to stop at earliest possible moment present outflow of strategic commodities to Axis Europe.

3. With above considerations in mind United States Ambassador and myself recommend that we be immediately authorised to take the following action:

a) Lodge a protest formally and strongly against terms of Turco Hungarian agreement which so flagrantly ignore the wishes of British and United States Governments as expressed in Allied notes of April 14th and seem to be contrary to assurances contained in Minister for Foreign Affair's reply of April 17th.

b) Take note of valuable contribution which Turkish Government have made to the Allied cause by their chrome decision

c) Point out that even so and in spite of Minister for Foreign Affair's oral explanations of his intentions regarding execution of Turco-Hungarian agreement, the two Governments must ask to have the position clearly stated so as to eliminate the possibility of further misunderstanding

d) Request a formal written assurance from Turkish Government that under recently concluded Turco Hungarian agreement the export of strategic commodities as defined in Allied notes of April 14th shall in no case exceed 50% of quantities exported to Hungary in 1943 and that remaining 50% shall be reduced by any quantities representing counter value of Hungarian goods covered by agreement which, after consultation, can be made available from Allied sources

e) Request a further written understanding [sic? undertaking] that in the event of the conclusion or renewal of any further agreement with Germany or the Axis countries involving the strategical commodities, Turkey's contractual obligations to export these commodities will in no case exceed 50% of deliveries of these commodities made by her to that country in 1943 and that the remaining 50% shall be reduced by any quantity representing counter value of goods which, after consultation Allied powers would provide.

f) His Majesty's Government and United States Government for their part offer to undertake to do their uttermost within their material possibilities and in full consultation with the appropriate Turkish authorities to cater for Turkey's essential needs. With this end in view they would immediately remove all export bans and be ready to enter into immediate discussions with the Turkish Government with a view to programming supply to Turkey of her essential needs. In this connexion stress might be laid on their realisation of the necessity of providing such commidities as Anti-Malarial fever drugs, raw wool, cotton piece goods, yarns etc loading-carrying vehicles, tyres, agricultural machines etc, my telegram No. 192 Arfar.

g) It might also be desirable to indicate that the two Governments would be prepared to discuss the development of their purchase programme in Turkey with a view to cushioning effect of the cessation of Turkish exports to Axis.

....

/4.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

4. As has been stressed above speed is a most essential factor and, though we do not suggest that the above course of action is perfect or that if successful it would give us 100% satisfaction, we feel that it is most important that we should act at once in anticipation of German moves, retain initiative, and set ourselves to obtain a result which, combined with chrome embargo, would give us in practice a much greater measure of satisfaction than could have been hoped for a month ago. Moreover, early public knowledge of the conclusion of such an agreement would no doubt be of assistance in dealing with other neutrals. The alternative in our [?grp.omitted? opinion] is prolonged discussion of detail, loss of initiative and of the present favourable tide and continued flow to the Axis at a decisive period of valuable war supplies.

5. United States Ambassador is sending a similar telegram to Washington.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Portugal

C222976

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER]

WAR CABINET DISTRIBUTION

FROM LISBON TO FOREIGN OFFICE

Sir R. Campbell
No. 853
13th May, 1944.

D.5.52 p.m. G.M.T. 13th May, 1944.
R.9.0 p.m. D.B.S.T. 13th May, 1944.

T T T T T

IMMEDIATE.

Secret and personal.

The more I think about it, the more I feel that our warning to Dr. Salazar should be as simple and crisp as possible (my previous suggestions have been too complicated).

2. The situation in a nutshell is that Dr. Salazar is posing as a crusader defending the rights of neutrals. In reality he is trying (as I told him heedful of instructions) to preserve at one and the same time the benefits of the alliance and those of a full neutrality. He is pitting his obstinacy against our indulgence and our reluctance to have a quarrel in public with our ancient ally. He told me that the use of broadcasting as a political weapon was playing with fire. We must show him that this applies to the ancient and pleasurable game of tweaking the lion's tail. If we do not bring him to book on this issue (regardless of its intrinsic merits) he may well be excused for thinking that he can permanently continue his present tactics with impunity.

3. I suggest that the best way of doing this is that I should be instructed to inform him in friendly but unmistakable terms that unless he does the right thing His Majesty's Government will be obliged (rather than answer the host of parliamentary questions which it will not be possible to defer much longer and some of which may well be framed in a way which they would deeply regret) to make a declaration in Parliament in which the Prime Minister, after giving Portugal full credit for her response to the alliance over the Azores, will have no alternative but to state that His Majesty's Government cannot regard her action in helping our enemy to delay his defeat as the attitude which one friend (not to speak of an ally) is entitled to expect of another.

4. Something on those lines would I think bring Dr. Salazar to reason. It contains no explicit threat of any kind and would therefore not only make it more easy for him to bow to the inevitable but also difficult for him to rally his people (to whom it would be easy to put across in a few lines) by rousing national pride in face of foreign

/pressure....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222977

pressure.

5. Whilst likely to be effective it commits His Majesty's Government to nothing but leaves them free to act as may be necessary in the improbable but not impossible event of Dr. Salazar throwing down the challenge.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Portugal

C222978

AMENDED DISTRIBUTION

(14/5/44.)

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on.]

[CYPHER]

WAR CABINET DISTRIBUTION

FROM LISBON TO FOREIGN OFFICE

Sir R. Campbell
No. 855.
13th May, 1944.

D. 7.27 p.m. GMT 13th May, 1944.
R. 10. 0 p.m. DBST 13th May, 1944.

JJJ

IMMEDIATE.

Personal and secret.

My telegram No. 853.

Attitude of Americans as disclosed in Washington telegram No. 2478 seems to come to a pretty naive admission that they intend to sit back and watch us take the odium whilst reserving their right to chip in at any moment and egg us on to demand embargo after putting forward a somewhat less drastic settlement (an impossible thing to do anyway). Support which they promised us in such an event could easily (if they were so minded) be given in such a way as to maintain us in the role of villain of the piece. In final result they could claim the credit (vis-à-vis their public opinion) or put the blame on to us as the case might be. This is sitting on velvet indeed.

2. Since Mr. George's visit to Lisbon (my telegram No. 784) attitude of United States colleague has become one of unaccustomed aloofness tinged with a hint of guilt due no doubt to my having always been completely straight with him. But two can play at that game and Portuguese mistrust of American policy and methods and their knowledge of what happened in Spain should make it easier for me to play it than for him.

3. Course of action proposed in my telegram under reference would however stimy American game altogether since we should be putting a proposal to Dr. Salazar which he must accept or reject under pain of statement in Parliament. If my approach meets with your approval could you inform United States Government of your intention without specifically asking their approval. Perhaps you could do this on the score that they might not wish to be associated with it to the extent of blessing it in advance? I fear that otherwise there may be further delays.

OTP.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222979

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on.]

[CYPHER] WAR CABINET DISTRIBUTION

FROM CAIRO TO FOREIGN OFFICE

Lord Killearn.
No. 982.
13th May, 1944.

D: 1.17 p.m. GMT 13th May, 1944.
R: 4.25 p.m. DBST 13th May, 1944.

@@@ @@@ @@@

Following is a summary of a letter addressed to me and signed by the Presidents of the Saadist, Liberal and Nationalist Parties and by the Secretary General of the Independent Wafdist Group on behalf of its President now interned.

2. "The signatories protest against a new outrage graver than any other against the independence and sovereignty of Egypt.

3. In preventing in the name of the British Government, the recent political crisis from following its normal course according to constitutional and sovereignty rights of Egypt you have trampled on the fundemental principles of the Anglo-Egyptian Treaty and brought Egypt back to the sombre days of the protectorate thus exposing the purely imperialistic objects of British policy.

4. This right of intervention is justified on the ground that British Armies have protected Egypt against the troops of the Axis and have caused Egypt to enjoy exceptional prosperity. The Treaty gives us right to such intervention. The agression of the Axis was not directed against Egypt herself but against Imperial lines of communication and British strategical position in the Middle East. Great Britain was therefore defending herself on Egyptian territory in a war declared against herself. Egypt carried out her part and more than her part of the Treaty obligations. Great Britain in violating the Treaty is evidently designing to put back Anglo-Egyptian relations 25 years.

5. As to the exceptional prosperity which the war and British troops have brought Egypt, this so called prosperity is only artificial and is represented by an enormous increase in the cost of living, by a disquieting scarcity of essential products, a major discrepancy between the different classes of society and by a multiplication of epidemics killing thousands of our fellow citizens. Such is this prosperity which only profits a few families installed in power thanks to Your Excellency.

6. In any case nothing in the law or international practice or logic justifies interference in the internal affairs of a nation on the grounds of prosperity real or artificial. Nothing justifies such a reversion against the liberties of a friendly

/people

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222980

people except a new outburst of that tyrannical spirit which Great Britain condemns in the Fascist nation, and of which she gives a sorry example in imposing on this country a government whose existence is an unintelligent succession of arbitrary acts, of outrages against liberties and of violations of the most elementary rights of the citizen.

7. Last misdeed of this black series is the arrest of Makram Ebeid former Minister and one of the signatories of the Anglo-Egyptian Treaty, and the arrest of Deputy Mikhail Bishara for no other reason than that they wished to express to the public their opinion on recent events.

8. It is evident that such a crime against the essential civic and political principles could not have been consummated if the present government had not felt itself supported by the British Government, which thus shares the responsibility for the sorry situation in which the Egyptian nation is struggling.

9. It is our duty to point out that Great Britain has no interest in alienating the friendship of Egypt. If the Egyptian people are at present under the yoke of martial law and if all manifestation of free opinion is arbitrarily forbidden, the Egyptian people when the time comes will be able to impose its will and establish its rights."

Text by bag.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Food Conference

OUTWARD TELEGRAM

C222981

U4/63/31/70

[CODE R] SPECIAL (FOOD CONFERENCE)

FROM FOREIGN OFFICE TO WASHINGTON

No. 4226
13th May 1944

D. 6.45 p.m. 13th May 1944

I I I I I

IMPORTANT

NOISE

Your telegram No. 2439 [of May 10th: Amendments to draft constitution of F.A.O.]

Following for Twentyman.

Are these amendments in substitution of or additional to those in your telegram No. 2391? Do you still intend to send suggestions for amendments to be made on our behalf?

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Operations

OUTWARD TELEGRAM

C222982

[CYPHER] POLITICAL DISTRIBUTION.

FROM FOREIGN OFFICE TO HIS MAJESTY'S REPRESENTATIVES AT:

ANGORA
BUENOS AIRES
RIO DE JANEIRO
BERNE paras. 1, 2, 4, 5, 7, 8, 15.

EN CLAIR BY BAG:-

BRAZZAVILLE
LISBON
MADRID
RABAT
STOCKHOLM
TANGIER

OPTEL No.20.
13th May, 1944.

D: 6.30 a.m. 14th May, 1944.

g5g5g5g

IMMEDIATE.

SECRET.

NAVAL.

1. Northern Waters: On 6th and 8th May aircraft from His Majesty's Fleet and Escort Carriers, supported by His Majesty's Cruisers and His Majesty's Canadian and Polish destroyers, attacked convoys off Norwegian coast. One 2,500 ton ship sunk two ships totalling 11,000 tons including escort ship severely damaged. Oil tanks near Stadlandet were also bombed. Refer OPTEL No. 18 night 6th/7th H.M. M.T.B.s torpedoed and destroyed ELBING destroyer. Night 7th/8th French M.T.B.s engaged enemy convoy off Guernsey, sinking one laden merchantmen and possibily sinking an escort ship. Night 10th/11th H.M. M.T.B.s sank one armed trawler off Dutch coast, set a second ablaze damaged a third. Early 12th H.M. M.T.B.s engaged two merchantmen and three trawlers within two miles of Cherbourg harbour; one 3,000 ton ship reported left burning furiously and two trawlers damaged.

Reconnaissance 9th May located Scheer at Swinemunde. Lutzow, seen at Copenhagen 8th May, reported left southbound night 8th/9th. Since beginning March enemy L.C.T.s in Channel area have increased, now probably about fifty. Minelaying types seen as far west as Brest and are operating from Dieppe. Heavily armed L.C.T. 3s are operating from Boulogne and Dieppe. Offensive minelaying and armed reconnaissance by E-boats also increased recent weeks.

2. Mediterranean. On 5th two United States destroyers

/bombarded

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222983

bombarded enemy positions near Anzio. Week ending 10th May, over 22,000 tons stores and equipment unloaded Anzio. H.M. Submarine reports successful bombardments of a factory, railway shed and seaplane hangar on Riviera coast. French submarine same area reports enemy submarine chaser torpedoed and probably sunk. H.M. Submarine and small craft in Aegean have sunk eight caiques, damaged six others, and bombarded wireless station on Crete.

3. Indian Ocean and Far East: H.M. Submarine reports 4,000 ton merchantmen sunk night 2nd/3rd south of Andamans and 400 ton coaster and tug sunk in Malacca Straits. Night 5th/6th Allied light forces bombarded searchlights and shore batteries in Hansa Bay. Night 6th/7th Allied L.C.G.s destroyed seven enemy barges in Empress Augusta Bay. Rabaul reconnaissance 4th May showed no large ships in harbour and about 200 barges.

U-BOAT WARFARE

4. Merchant losses by enemy action during April were smallest of war. Seven ships were sunk by U-boats in Atlantic and one in Mediterranean. No ship lost in Indian Ocean. Thirty-four Atlantic Ocean convoys totalling 1,283 ships arrived without loss. Week ending 6th May imports in convoy to United Kingdom totalled 1,566,000 tons of which 580,000 tons oil. Imports for past ten weeks have averaged over one million tons weekly. On 7th May Canadian frigate was torpedoed and sunk off Newfoundland.

5. Summary of anti-submarine attacks in May reported to noon 10th May. Seven attacks by shore-based aircraft, fifteen by carrier-borne aircraft, fifteen by warships. Sunk or probably sunk: Two by shore-based aircraft, two by carrier-borne aircraft, three by warships. Possibly sunk: One by shore-based aircraft, two by carrier-borne aircraft.

MILITARY

6. RUSSIA

(a) Southern Sector. Russian attacks started 2nd May West of Jassy made little headway against strong resistance and died down by 8th May. Strength of attacks not clear, but possibly reconnaissances in force. 10th May Germans claim elimination Russian bridgehead Lower Dniester, but Russians report strong attacks against bridgehead North-west of Tiraspol repulsed.

(b) Crimea. 9th May Russians captured Sevastopol. Fighting continued few days West of city but garrison now probably mopped up.

7. ITALY...

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

OUTWARD TELEGRAM

7. ITALY

(a) Intelligence. 11th May A.F.H.Q. appreciate recent enemy withdrawal Palena area not wholly unexpected and considered local adjustment. A.F.H.Q. estimate enemy tank strength Italy three-hundred and eighty, three-hundred of which with 10 and 14 Armies and eighty per cent of total considered serviceable.

(b) Operations.

(i) Main Front. 9th May enemy withdrawal reported between Casoli and Castel Di Sangro. Palena and portion of road North to Lama now held: positions South Palena uncertain as area held by patrols. 11th May offensive against Gustav Line launched 2300 hours: fair progress made against very stubborn opposition. Advance in mountains from our salient South of Cassino very bitterly contested. South of town River Rapido crossed many points although heavy ground mist in Liri valley caused some initial confusion and loss of direction. 12th May two bridges completed by 1700 hours. South of Liri opposition severe. Mt. Faito captured and fighting going on in villages of Ventosa (½ mile West of Castelforte) and in Santa Maria Infante (1½ miles North of Minturno). Little progress elsewhere.

(ii) Allied Bridgehead Force. No change.

8. YUGOSLAVIA

Partisans have checked strong German drives in East Bosnia and South-east of Ljubljana.

9. FAR EAST.

(a) Burma. Arakan: 7th May planned monsoon withdrawal from Buthidaung. Kaladan: Japanese occupied Labawa village eight miles West of Daletme. Chin Hills: enem attacks South-east of Palel repulsed. Imphal: two fresh Japanese road blocks established North of Imphal on Kohima road. Kohima: situation improved. Japanese in town still being attacked. Hukawng Valley: slow advance against stiff opposition.

(b) China. 9th May Japanese completed occupation Southern section Peiping-Hankow railway. 8th May Loyang occupied.

(c) Dutch New Guinea. Americans consolidating and extending beach-heads.

(d) New Britain. 7th May Cape Hoskins airfield occupied without opposition.

AIR.....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

AIR

10. WESTERN EUROPE: (a) Night. 5th/6th May - 11th/12th May: 3393 sorties, 58 aircraft missing, 9 enemy aircraft destroyed; bombers out in strength 6 nights, mainly targets in France and Belgium. Airfields at Nantes, Rennes, Tours, Brest (all successful). Marshalling yards at Mantes, Ghent, Lens, Courtrai, Lille, Boulogne, Hasselt, Haine St. Pierre, Louvain (all successful, Mantes severe destruction). Ammunition dumps at Augbigne - Racan, Sable-sur-Sarthe Louailles (almost total destruction of both targets), Bruz, Salbris (successful). Ball bearing factory at Annecy (almost entirely destroyed). Usual Mosquito activity.

(b) Day. 6th - 12th: Heavies dropped 2084 tons on Berlin in two attacks (believed very successful), 400 tons on Osnabruck, 368 tons on Munster, 709 tons on Brunswick, 1377 tons on 5 synthetic oil plants. In great strength attacked marshalling yards and airfields in France and Belgium with considerable success. Similar targets attacked daily by medium and light bombers. Rocket projectiles used in increasing numbers against engine sheds, lock gates etc. 7th. Mediums attacked Junkers aero engine works Le Mans very successfully.

Total sorties: 4820 heavy bomber; 1873 escorting fighter, 160 aircraft lost, 278 enemy aircraft destroyed in combat. Nearly 9000 medium and light bomber sorties flown. 23 enemy aircraft destroyed in combat; Allies lost 36.

6th - 11/12th: Coastal Command flew 1036 anti-submarine, recco., photographic and offensive sorties. 6th: 47 Beaufighters attacked enemy convoy off Borkum. Hits scored with torpedoes, cannon and R.P. 5 merchant vessels set on fire, one severely damaged. 6/7th: 10 Beaufighters reported direct hit on one of two 2500 ton merchant vessels N.W. of Egero. 7 - 11th: 19 Allied airmen rescued from Sea.

(c) Enemy. Activity negligible.

MEDITERRANEAN.

11. 2/3rd - 9th: Nearly 8000 offensive day sorties, 583 night, 51 enemy aircraft destroyed, Allies lost 75.

ITALY: Attacks on supply lines continue on heavy scale but air support over battlefield hampered by poor visibility.

AUSTRIA: 10th: 888 tons on Wiener-Neustadt (Henschel aircraft factory, fresh hits; airfield, no details).

ROUMANIA: 3/4th Bucharest; 5th Ploesti (468 tons on refineries and marshalling yards), Turnu Severin. 6th: Brasov (578 tons, aircraft factory and marshalling yards), Turnu Severin (90 tons, marshalling yard), Craiova (179 tons, marshalling yard), Ploesti (214 tons, factories, refineries, marshalling yard) Campina (292 tons,

oil.....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

OUTWARD TELEGRAM

C222986

oil refinery, marshalling yard). 6/7th: Bucharest (76 tons). 7th: Bucharest (993 tons, railway centre, good concentrations). 7/8th: Bucharest (industrial area).

YUGOSLAVIA. 5th: Podgorica (238 tons, troop concentrations). 7th Belgrade. 10th: Knin (railway centre).

DANUBE. 5/6th 80 bombers successfully l id mines.

12. BURMA. 2/3rd - 9th: provisional total: 3161 offensive day sorties, 138 night. 8 enemy aircraft destroyed, 8 ours. 625 Transport aircraft carried 1200 tons of supplies and 4527 men and evacuated 273 casualties.

13. CHINA ZONE. 5th - 8th: Mainly strategic support to Chinese Army.

14. S.W. PACIFIC. 2/3rd - 9th: More than 2500 day sorties flown, 50 night; 9 aircraft lost, 16 enemy aircraft destroyed. Heavy attacks continue in all areas.

ECONOMIC

15. Evidence following mining Danube by Russians and Mediterranean Allied Air Forces commercial traffic prohibited. Duration uncertain but normal traffic unlikely until arrangements for mine clearance improved.

TP.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

OUTWARD TELEGRAM

U.S.A.?

C222987

[CYPHER]

POLITICAL DISTRIBUTION

FROM FOREIGN OFFICE TO HIS MAJESTY'S REPRESENTATIVES AT:-

Cairo (Minister Resident)
Algiers (Resident Minister)
Chungking
Moscow
Angora
Bagdad
Tehran
Supreme Allied Command South East Asia (Mr. Dening)

NO. 20 ALOOF D. 7.20 p.m. 14th May, 1944.
13th May, 1944.

V V V

Gandhi's release has met with widespread approval. Liberal opinion calls it "belated" but bulk of comment is that Gandhi's health must be very weak and that release was prompted by apprehension lest he should die while under detention and become a martyr. Several commentators and broadcasters see in release proof of Japanese failure to arouse Indian masses against Britain and British confidence in victory.

2. Burma

Operations have received prominence. It is now generally accepted that the danger to India has virtually disappeared.

3. Imperial Conference

Comment has been substantial though generalised owing to absence of knowledge of decisions reached at Conference. Extreme right and left wings deplore alleged nationalism or imperialism. The great majority of press and radio between these extremes have emphasised beneficent stabilising effect of Commonwealth and Empire. Friendly papers have also included tributes to the war efforts of the Dominions.

4. Montgomery Ward

(Aloof No. 19 paragraph 2.) This controversy remains dominant topic of home-front. Workers' election has been won and the firm has now been handed back to the management. Great interest is being shown in the forthcoming congressional investigation of the case which will probably develop into investigation of Presidential war time powers.

5. Although fully reported, International Labour Office conference has not aroused any appreciable nationwide comment.

6. Surprise cancellation of almost all meat rationing has inevitably been called "pure electioneering" by Republicans, but seems in fact more related to Administration's efforts to win support for General Price Control Bill now up for renewal.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222988 France

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

[Code R and Cypher]

POLITICAL DISTRIBUTION.

FROM ALGIERS (AMBASSADOR) TO FOREIGN OFFICE.

Mr. Duff Cooper.
No.564. D. 10.25 a.m. 14th May, 1944.
13th May, 1944. R. 4.10 p.m. 14th May, 1944.

c c c

IMPORTANT.

My telegram No.562.

No mention was made in official summary of Massigli's speech as given in the press of his reference to suspension of cypher communication with London. In point of fact Massigli alludes in moderate terms to this question saying it was his duty to point out negotiations in London over civil administration in France had been rendered impossible by the committees inability to communicate with their delegates. Further, in referring to Russia, Massigli drew attention to the fact that formula of recognition accorded to committee by Soviet Government was more complete than that given by either London or Washington and he also spoke of generous expression of friendship in spite of "crime of Munich" extended by President Benes to General de Gaulle as the representative of French nation. Massigli's speech was moderate throughout and well balanced, but as usual he was not at ease before a parliamentary audience. He was often difficult to follow and his delivery lacked the skill of a practiced orator.

[R begins] 2. Vincent Auriol followed with a speech reminiscent of the old parliamentary days. He wished the Government's statement on foreign policy had been a little more dynamic. France's voice must be heard when the Armistice conditions with Germany were discussed: the departments of the Rhine and the Moselle should return to France. He did not wish to split Europe into competing regional blocks but France's interests with Belgium, Holland and Luxembourg were intimate and above all an alliance with England must be achieved. (Loud cheers). He felt that a pact of friendship should be signed with Soviet Russia and that good relations should be maintained with Greece, Yugoslavia and Czechoslovakia. In this way a European Federation would be set up which would constitute a greater guarantee of peace than the League of Nations. Such a federation required friendship with the United States of America. While speaking of the position of the committee during the liberation of France, Vincent Auriol claimed that the Soviet Russia-Czechoslovak agreement was a model instrument. It had indeed, received the blessing of America and England.

3. Senator Cuttoli of Algiers Conseil-Général made a violent attack on the Department of Diplomatic Personnel accusing them of a Vichy taint and of belonging to a close corporation. A complete purge was required. This was received with loud applause. Finally Bohté, the Communist

...spoke

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

spoke for over an hour explaining how French foreign policy had always taken the wrong turning to the Right instead of to the Left. He foreshadowed in the future an all-powerful alliance between France, Soviet Russia and the latter's satellite states, Czechoslovakia and Poland to be joined by the new Spain and perhaps the new Italy. This alliance, said Bonté, would be a real guarantee for peace and security.

4. Debate will be continued on May 15th.

[R ends].

OTP

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

C222990

[CODE] (R) POLITICAL DISTRIBUTION

FROM ALGIERS (AMBASSADOR) TO FOREIGN OFFICE

Mr. Duff Cooper
No. 565
13th May, 1944

D. 5.25 p.m. 14th May, 1944
R. 1.35 a.m. 15th May, 1944

ddddddd

My telegram No. 556.

In the course of his speech on 10th May the Commissioner for the Interior made a brief reference, which is being reported by despatch, to certain steps which F.C.N.L. intended to take to give some status to fighting groups in France. On 13th May F.C.N.L. issued short communiqué to the effect that certain measures had been adopted regarding such status and would be published later. I understand from the Commissariat of the Interior that proposed measures will cover such questions as pensions for next of kin etc., and will not constitute an attempt to regularise the position of resistance groups from international point of view.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Spain

C222991

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[Cypher]. WAR CABINET DISTRIBUTION

FROM MADRID TO FOREIGN OFFICE

Mr. Yencken
No. 752
13th May, 1944.

D. 1.00 a.m. 14th May, 1944.

R. 8.35 a.m. 14th May, 1944.

Repeated to Tangier.

/////

IMMEDIATE

My telegram No. 742.

The First Secretary followed up my representations to the Minister for Foreign Affairs with the Head of European Department this morning and gave him copy of my letter to the Minister for Foreign Affairs. The Head of the Department said that the position as regards fixing a date for closing the Consulate was still as the Minister for Foreign Affairs had explained to me. For the Spanish Government to fix a date would be an uncalled for humiliation for Germany and his Minister wished to arrange the matter in an intimate way with the Germans. Bramwell asked if a date could not be fixed with the Germans and communicated to the Embassy but not made public. The Spanish official seemed to think this a good idea and said he would talk to the Minister for Foreign Affairs.

Subsequently [?grp.omitted] lunched with the Minister for Foreign Affairs and he said again he could not humiliate the Germans by fixing a date and if he did they might not accept it. He wished to arrange the matter with the Germans. Was not that what His Majesty's Government would do in similar circumstances. Progress however was being made. He had just had a telephone message from Tangier to say that the German Consul-General would on Monday or Tuesday take down his shield and flag. He still wanted however a few days longer to deal with his archives.

I stressed the importance of terminating the whole business during the conversation and he again assured me he would do his best.

Please repeat to Washington as my telegram No. 204.

[Repeated to Washington under Foreign Office No. 4255].

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Hungary

C222992

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

[CYPHER] WAR CABINET DISTRIBUTION

FROM MADRID TO FOREIGN OFFICE

Mr. Yencken,
No. 756
May 13th 1944

D. 10.45 p.m. 14th May 1944
R. 9.15 a.m. 15th May 1944

... ...

Your telegram No. 498

Hungarian Minister called on me a few days ago to say he proposed to go to Lisbon to stay with Hungarian Minister there for a month or six weeks and then return to Madrid. He had assured his return by obtaining from Ministry of Foreign Affairs an entry and exit visa [of] three months for an unlimited number of journeys. I did not raise any objection but reminded him of your view that it was better for Hungarian Ministers to remain at their posts. Hambro called again to-day and told me that after discussing position with his Secretary, Count Bethlen, he had come to the conclusion that going away for so long might look as if he were leaving his post and he had decided therefore to go to Lisbon for a week only as he very much wanted to talk things over with Hungarian Minister there.

He then mentioned very tactfully his and Count Bethlen's - [group undec.] difficulties as all their supplies had been cut off and he wondered whether it would be possible to arrange for funds to be provided for them out of blocked gold belonging to Hungarian Government in the United States. He could manage on pesetas 8000; Bethlen having his wife and children here would need a little more say 10,000 per mensem. He would of course prefer pesetas 10,000 for himself unless we thought that too much.

If funds could not be arranged from blocked gold a possible alternative might be to draw upon Hungarian credit in Polish clearing which has risen out of costs of the maintenance for 25,000 Polish Nationals in Hungary. [Group undec.? These] Poles he pointed out had not been into concentration camps but had been allowed to live in hotels and were generally treated very well. As it is very desirable that M. Hambro should remain at his post it seems to me that we have an obligation to help him and his request appears reasonable as in any case he and his secretary have to live. I trust therefore that sympathetic consideration will be given to it. If there is likely to be any delay in arranging the matter M. Hambro may be obliged to ask for an advance and I should be grateful for instructions on the point.

OTP.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

C222993

[The text of this telegram must first be paraphrased if communicated to persons outside British or United States Government service or if retransmitted in a cypher system other than O.T.P.]

[CYPHER] POLITICAL DISTRIBUTION.

FROM CAIRO (AMBASSADOR) TO FOREIGN OFFICE.

Lord Killearn
No.988
13th May 1944

D. 2.42 p.m. 14th May 1944

R. 6.20 p.m. 14th May 1944.

QQQQQQ

Weekly appreciation.

A violent anti-British manifesto signed by leaders of the four opposition parties has been issued dated May 1st. It protests against British intervention to prevent dismissal of Nahas and in particular against War Cabinet's message to King Farouk (see Foreign Office telegram No.560). British action is criticised as establishing a situation worse than the Protectorate.

2. Makram's arrest has been the excitement of the week. The opposition deputies in protest withdrew from a sitting of the Chamber at which an interpellation regarding internees was to be discussed. It is rumoured that opposition parties contemplate issuing resolutions similar to those which caused Makram's arrest, but this rumour may be due to above-mentioned manifesto, which has only just become known.

3. The leaders of the four opposition parties (the Secretary General of the Independent Wafdist Group signing for Makram) have addressed to the Ambassador a letter protesting against our intervention in the recent crisis on lines of above-mentioned manifesto and against arrest of Makram which, it is asserted, the Government would not have effected if it had not felt sure of our support.

4. Minister of War has transferred from Cairo 19 officers alleged to be implicated in a plot to assassinate ministers. Chief of the Military Mission, who has grave doubts about genuineness of some of the names on list of alleged culprits, says that these transfers are regarded in the army as victimisation of Attallah's men. Minister of Defence stated in conversation with Oriental Counsellor that he had effected these transfers before Nahas had spoken to him as a result of conversation with Ambassador (see my telegram No.930). Chief of Military Mission maintains that Minister had promised him to transfer now only 8 officers alleged active agents of plot. Minister of Defence also stated in conversation with Oriental Counsellor that he had suspended removal of troops from Cairo area on ground of shortage of tents, but his language seemed to indicate that he had not given up the idea. He said that there were 29,000 troops in Cairo which was far more than necessary.

5. Financial Conference has come in for much criticism, mainly as suggesting measures inappropriate to Egypt and burking real remedy, the importation of more goods.

/ 6. There

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

6. There has been a recrudescence of pamphlets, anti-Government, anti-British and anti-Foreign, two by Young Egypt.

7. There are indications that Nahas may for reasons of internal prestige, play up Palestine question.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

OUTWARD TELEGRAM

C222995

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on.]

R.7271/197/G.

[CYPHER] WAR CABINET DISTRIBUTION

FROM FOREIGN OFFICE TO ALGIERS (RESIDENT MINISTER)

No. 1023. D. D. 4.10 a.m. 14th May, 1944.
13th May, 1944.
Repeated to Mr. Stenbock Cairo No. 281.
99999999

Your telegram No. 642 [of 5th May: Partisan unit in R.A.F.V.R.]

Air Marshal Slessor's views have been passed to Air Ministry. We both agree with them (See my telegram No. 274 of 8th May to Mr. Stenbock.)

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222996

U.S.A

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

[The text of this telegram must first be paraphrased if communicated to persons outside British or United States Government service or if retransmitted in a cypher system other than O.T.P.]

[CYPHER] POLITICAL DISTRIBUTION

FROM WASHINGTON TO FOREIGN OFFICE

Viscount Halifax.
No. 2514
13th May, 1944

D. 10.51 p.m. 14th May, 1944
R. 7.35 a.m. 15th May, 1944

ddddddd

IMPORTANT

Weekly Political Summary.

1. Everybody is now waiting for "D-Day". Most popular view is that it will come within next two weeks. Political opinion reflects this pre-occupation.

2. President's return. President's return from his secret recuperating centre, now revealed as Bernard Baruch's estate in South Carolina, has been news of the week. First effect has been to quell rumours that he is too ill to run again. Pressmen came away from his first press conference agreeing that he looked bronzed and fit. He even scolded them vigorously for giving the country a biased presentation of news of Montgomery Ward case, a sure sign to many that he is in battling political mood. Simultaneously Robert Hannegan, Democratic National Chairman, and Senators Truman and Barkley emerged at Jefferson Day dinners as the frontline champions of a fourth-term drive. Hannegan and Barkley did Dewey the honour of selecting him as the butt of their most withering sarcasm, delving into his 1940 speeches for anti-Russian passages and hopelessly inaccurate estimates of America's productive capacity. The lines of strategy of opposing camps are beginning to clarify. Republicans are going to try to make capital out of "The Tired Old Leaders" in Washington, alleged to be patently incapable of undertaking task of peace-building. Democrats are going to stress that experience of the present war leaders cannot possibly be thrust aside in favour of novices like Dewey and his associates. Nomination of James Forrestal, Under Secretary of Navy, to fill Knox's place in Cabinet, ending the wild rumours that Willkie or Strassen were to be given the post, was in some measure unquestionably influenced by both these factors. For Forrestal's relative youthfulness (52) - average age of Cabinet being over 64 - and his experience in war councils, are both assets. In this sense nomination is good politics though not as sensational as the appointment of a prominent Republican would have been. Forrestal is a Wall Street Democrat, roughly of the Stettinius-Harriman stamp, who has made a very creditable record since 1940 supervising the navy's vast expansion programme. His

nomination/

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C222997

nomination has been well received by both parties, and by War and Navy Departments, and seems certain to be confirmed. He has recently come out as an opponent of plan to merge the armed services under a single command, at least until much further study has been made of the situation.

3. Russo-Polish-American relations. Father Orlemanski's visit to Russia is having varied repercussions. On the one hand, it has given Russophobes, Catholics and Poles something to howl over. Even New York Times has belaboured Orlemanski as a rather shallow cleric fishing in very deep waters. Virtually no one has risked saying anything good about the trip so far, though his statements have been given full and fair publicity and Episcopal Bishop of Massachusetts has called on his critics to be silent till he has explained his position. Orlemanski arrived back in Seattle on the 10th, had an unpleasant brush with inquisitive pressmen at the airport and left without saying anything. In Chicago he revealed Stalin's devotion to freedom of conscience and worship and his opposition to persecution of the Catholic Church. He added "I have wonderful news on Poland, but this will come at a later date". Meantime this Springfield (Massachusetts) News has produced a banner-headline "local priest wins Polish freedom". President - perhaps unchivalrously but certainly adroitly - has referred all questions about the trip to Mrs. Ruth Shipley, Head of State Department's Passport Division. Mrs. Shipley has reputation of a veritable ogre of formality and rectitude, who is not only above reproach but beyond intimidation. On other hand Poles seem definitely to have overshot mark with their agitation and are being accused by sources as varied as Scripps-Howard, P.M., Washington Post and Lowell Mellett [sic] of interfering unjustifiably in American political affairs. Meantime press has got hold of substance of justice department's investigation of Polish Government publicity agencies, which seems to show that Poles have been guilty of a multitude of infringements of foreign agents registration act.

4. Treatment of Germany. Treatment of Germany has attracted fresh attention mainly as a result of attempt of United States Labour Delegate, Robert Watt, to put I.L.O. on record as differentiating between Nazis and Germans and in opposition to economic dismemberment of Germany. Conference opinion especially amongst European representatives led by Masaryk was strongly against Watt, and Sir Frederick Leggett had no difficulty in winning wide support for his proposal that no decisions about Germany should be taken in absence of Russians. At same time press has been featuring despatches from London suggesting that Britain, America and Russia have reached substantial agreement on policing of Germany. Report that Russians were demanding that whole German Army be declared prisoners of war and used as labour battalions has been received without arousing press controversy. Public opinion polls show that Americans especially amongst churches and youth groups, while determined to remove Germany as a military threat are still

strongly/

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

strongly moved by a desire to avoid imposing "impossible conditions" on German people and so creating grievances that would lead finally to another war. Herald Tribune has pleaded that controversy be brought down from vague talk of a soft versus hard peace to a particularised discussion of various military, economic and political measures necessary to ensure that Germany will never again be a military threat and to provide supervision of her affairs until such time as her militaristic political - social structure and ideology have been reformed.

5. France. Your statement in House that we have no intention of dealing with Vichy in any circumstances has been welcomed for its forthrightness and some commentators (e.g. Time Magazine) read into it an attempt to stiffen American's rather wavering disposition to deal through French National Committee. Meantime de Gaulle has nettled people here once more by his reference to "La chère et puissante Russie" which is viewed as a too obvious attempt to play democracies off against Russians. French Committee representatives here have taken little trouble to hide their injured pride over our diplomatic censorship and insist that they are being left hopelessly in dark as regards civil affairs in France.

6. Neutrals. Discussion of Spanish agreement has subsided. For all State Department's fears wolfram deal never precipitated a major controversy though grunts of disapproval still come from P.M. New Republic and nation. Hope continues that Allies will take an increasingly strong line with neutrals. Revelation of Irish firms included in latest blacklist has been received without controversy. Stettinius told press off-the-record that if Swedes didn't fall in line "some more drastic action would have to be taken."

7. Commonwealth Conference. Press despatches on Commonwealth Conference continue to be prominent. Occasion has been useful in that it has resulted in a number of favourable editorial reviews of nature and importance of commonwealth from friendly papers. Our critics have apparently found no peg so far on which to hang an assault.

8. Gandhi's release. Gandhi's release has been prominently reported in this country but has aroused little controversy. Liberals insist that there is still no change of heart on Britain's part or Nehru would also be freed and that release is simply a manoeuvre to avoid odium of having Gandhi a British prisoner. But other commentators accept move as welcome evidence that there is little left of Indian defeatism which made it possible for Gandhi to get a hearing and that Japs have conspicuously failed to rouse India against Britain. Thus apart from Liberals news is viewed in relation to war and not to any long range political effects. This is in fact

/characteristic

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Censored

characteristic of America's attitude at moment. Talk of rights and wrongs of "India problem" has declined and military expediency is accepted as dominant consideration at least for time being.

9. Lend-lease renewal bill. Senate has renewed lend-lease act for one year by a vote of 63 to 1 reflecting overwhelming support for lend-lease as a war measure. Wadsworth amendment was strengthened by Vandenberg so that President is now prohibited from incurring postwar obligations not only with regard to final settlement but as regards any aspect of lend-lease. As in House, interest of debate lay not only in final vote but in arguments presented by Diehard opposition. Notable, if exceptional, were Senator Eltwnder's [sic] (Dem., La.) blunt statement that "British should realise that this is not our war and that we are giving our all for their preservation" and Senator Brewster's (Rep., Maine) demand to know how Britain was able to loan 50 million pounds to China when she was at same time still requesting lend-lease aid. These arguments have been strongly attacked by Liberal press and enlightened commentators but they represent a latent and unresolved suspiciousness which may yet muddy stream especially when exigences of war are past.

10. Savingram subjects. Main topics of this week's supplementary savingram are (1) Primaries (2) State Department (3) Montgomery Ward.

11. Foreign Office please repeat saving to His Majesty's Ambassador Cairo and United Kingdom High Commissioner Naples.

[Repeated to Ambassador Cairo as telegram No. 65 Saving and United Kingdom High Commissioner Naples as telegram No. 8 Saving].

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

OUTWARD TELEGRAM

Food

C223000

U.3964/31/70.

[CYPHER] SPECIAL FOOD CINFERENCE

FROM FOREICN OFFICE TO WASHINGTON

No. 4241 D. 9.45 p.m. 14th May, 1944.

13th May, 1944.

T T T T T

NOISE.

We have been giving some thought to the type of candidate we should like to see appointed as Director-General of the Food and Agriculture Organisation. In our view the Director-General should be a person qualified to secure first-class scientific work from his staff, and to maintain the highest standards in its publications and general advisory work, and one who would fully realise that on the quality of its work the fate of the Organisation must ultimately depend. He should of course have administrative experience and preferably experience of international bodies. He should be able to select and organise a good international team to work under him and develop the organisation along the lines we envisage, i.e. a fact-finding, educational and advisory body. Loveday is an example of the type of man we have in mind. Joseph Davis of Stanford Food Institute, although lacking international experience, would be suitable, but we understand his candidature might meet with strong opposition from the Department of Agriculture.

2. On the other hand, we appreciate the reasons which may be advanced by other countries in favour of a more public figure whose appointment would be expected to give the organisation initial prestige. Present United States administration will doubtless wish to launch F.A.O. in a manner designed to carry on the interest aroused by Hot Springs and so win public support for permanent international collaboration. The smaller and less industrialised nations may take a similar line.

3. The above implies two different views of the post of Director-General. It might be impossible to find the qualifications for both combined in a single individual. We should be glad if you would sound the State Department in a preliminary way for their views on this subject, bearing in mind our views in paragraph 1 above and that we should in any circumstances be most anxious to avoid the nomination of a Director-General who is a political crusader, especially one connected with United States agrarian politics, or the nomination of anyone associated in the public eye with particular social programmes. It is important that we should be kept informed of any names canvassed for Director-General, since if matters get to a stage of formal proposal it might be too late for us to put forward alternative names. For your own information, our minds are moving rather in the

/direction.....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223001

direction of seeking someone from the Dominions or smaller European Powers, partly because it may prove difficult to find the right candidate from the U.S.A. and the United Kingdom and partly because the Great Powers will doubtless wish to obtain the key-posts of the financial and commercial organisations which may be set up.

4. We are making enquiries in this direction. One possibility which occurs to us is Pearson and the Dominions Office are asking Holmes if he can find out privately how Pearson would be likely to view such a suggestion.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

OUTWARD TELEGRAM

C223000

C223001

direction of seeking someone from the Dominions or smaller European Powers, partly because it may prove difficult to find the right candidate from the U.S.A. and the United Kingdom and partly because the Great Powers will doubtless wish to obtain the key-posts of the financial and commercial organisations which may be set up.

4. We are making enquiries in this direction. One possibility which occurs to us is Pearson and the Dominions Office are asking Holmes if he can find out privately how Pearson would be likely to view such a suggestion.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Yugoslavia

C223002

[THIS TELEGRAM IS OF PARTICULAR SECRECY AND SHOULD BE RETAINED BY THE AUTHORISED RECIPIENT AND NOT PASSED ON]

[CYPHER] WAR CABINET DISTRIBUTION

FROM BARI TO ALGIERS (RESIDENT MINISTER)

Mr. Broad
No. 32
14th May, 1944

D. 8.36 p.m. GMT 14th May, 1944
R. 11.00 p.m. DBST 14th May, 1944

Repeated to FOREIGN OFFICE NO. 29
Naples Saving

ddddddd

Foreign Office telegram to you No. 938.

It would be useful if I could be informed whether General Velebit has raised this question in London and, if so, what reply has been returned to him.

2. I understand that Partisan desire to be allowed to recruit in Italy is mainly based on their need for specialist personnel of whom there is a great scarcity in Partisan forces. Partisans are also particularly interested in personnel in Sardinia who they claim are being consistently ill-treated by their Italian officers.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223003

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on.]

[CYPHER] WAR CABINET DISTRIBUTION

FROM NAPLES TO FOREIGN OFFICE

Sir N. Charles.
No. 119. D. 11.30. p.m. 14th May, 1944.

14th May, 1944. R. 1.45. a.m. 15th May, 1944.

Repeated to Resmin Med. No.68.

****

IMPORTANT

My telegram No. 117.

The Crown Prince sent a friend to see me yesterday who said that His Royal Highness was incensed by the Cabinet's resolution and proposed to publish a reply. The Crown Prince feared that this attack on his person would have a bad effect on the morale of the Italian troops in the line who would expect him to vindicate himself. I advised that His Royal Highness should do nothing which might provoke a split in the present government.

2. I immediately acquainted General MacFarlane with this development and asked him to go to see His Royal Highness the same evening.

3. The General found the Crown Prince much upset and most anxious to refute publicly the interview published in the Times which in fact had been passed by a member of his Staff but which he himself had not seen. General MacFarlane finally persuaded the Prince to do nothing provided no further public mention were made of the incident. His Royal Highness undertook to take no action without consulting General MacFarlane.

4. Marshall Badoglio has sent a categorical assurance to General MacFarlane to the effect that so far as the government are concerned, no further publicity will be given to the case unless His Royal Highness himself reopens it. He is also exerting pressure on His Royal Highness to let the matter drop.

5. I am seeing the Crown Prince tomorrow evening and will also speak to him on these lines.

OTP

[Copies sent to Mr. Wiltshire]

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

U.S.A

C223005

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

[EN CLAIR] POLITICAL DISTRIBUTION.

FROM WASHINGTON TO FOREIGN OFFICE.

Viscount Halifax.
No. 119 SAVING. D. By Bag. 14th May, 1944.
14th May, 1944. R. 5.50 p.m. 18th May, 1944.

ZZZ ZZZ ZZZ

Supplementary to Weekly Political Summary.

1. Primaries.

Presidential and Congress primaries in Ohio and West Virginia have served mainly to confirm prevailing trends. As was expected, all of Ohio's Republican delegates went to Governor Bricker, while all the Democratic endorsed a fourth term. Similarly, West Virginia's delegates went solidly to Dewey and Roosevelt respectively. It is now calculated that both Roosevelt and Dewey have already sufficient support to be nominated on the first ballot at the conventions.

2. State Department.

The House Foreign Affairs Committee has reported out favourably Hull's request for the creation of two new Assistant Secretaries of State. It is now revealed that one will deal with Latin-American affairs, and the other will have "jurisdiction over problems arising in other parts of the world." No nominations have yet been made.

Meanwhile the State Department's other request for authorisation to extend its cultural relations programme to a world-wide basis (see Political Summary of March 5th) seems to be running into difficulties. As hearings were about to start before the Foreign Affairs Committee Chairman Bloom expressed doubts about the whole project and the hearings have accordingly been postponed. Congressional coolness to United States Governmental participation in educational and religious affairs abroad, evidenced in the recent UNRRA debate, would be liable to re-appear if this proposal were taken to the floor of Congress.

3. Montgomery Ward.

The Montgomery Ward case is far from settled. The Government has withdrawn the troops from the plant, much to labour's chagrin. The C.I.O. Union has won the company election, and negotiations are due to start with Avery. Avery, however, still flatly refuses to recognise the "maintenance of membership" clause in the Union's contract, and so the case may eventually go back to the War Labour Board.

4. Foreign Office please repeat Saving to His Majesty's Ambassador Cairo and United Kingdom High Commissioner Naples.

[Repeated to Cairo Ambassador No. 68 and
Naples High Commissioner No. 12.]

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

COLOURED PAPER
PAPIER DE COULEUR

OUTWARD TELEGRAM

C223006

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on.]

C /G.

[CYPHER]

WAR CABINET DISTRIBUTION

FROM FOREIGN OFFICE TO RIO DE JANEIRO

No. 229.
14th May, 1944.

D. 12.45 p.m. 14th May, 1944.

Repeated to Lisbon No. 701
Washington No. 4259

JJJJJ

IMMEDIATE.

SECRET.

My telegram No. 4258 to Washington and my telegram Nos. 698, 699 to Lisbon.

Please inform the Brazilian Government generally of the action now proposed and say that we hope they will instruct their Ambassador at Lisbon to concert with Sir R. Campbell and support his representations with Dr. Salazar.

2. It is of course essential that there should be no leakage concerning the existence or the text of the Prime Minister's message. You will understand that it will not be advisable to communicate the text of the message to the Brazilian Government, but you should inform them of its purport.

OTP.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

COLOURED PAPER
PAPIER DE COULEUR

OUTWARD TELEGRAM

C223006

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on.]

C /G.

[CYPHER]

WAR CABINET DISTRIBUTION

FROM FOREIGN OFFICE TO RIO DE JANEIRO

No. 229.
14th May, 1944.

D. 12.45 p.m. 14th May, 1944.

Repeated to Lisbon No. 701
Washington No. 4259

JJJJJ

IMMEDIATE.

SECRET.

My telegram No. 4258 to Washington and my telegram Nos. 698, 699 to Lisbon.

Please inform the Brazilian Government generally of the action now proposed and say that we hope they will instruct their Ambassador at Lisbon to concert with Sir R. Campbell and support his representations with Dr. Salazar.

2. It is of course essential that there should be no leakage concerning the existence or the text of the Prime Minister's message. You will understand that it will not be advisable to communicate the text of the message to the Brazilian Government, but you should inform them of its purport.

OTP.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Greece

C223007

*AMENDED COPY *
AND
AMENDED DISTRIBUTION (15th MAY, 1944)

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

[CYPHER] WAR CABINET DISTRIBUTION

FROM BEIRUT TO FOREIGN OFFICE

Sir E.Spears
No. 279
14th May, 1944

D. 10.50 a.m. GMT. 14th May, 1944
R. 2.40 p.m. BDST. 14th May, 1944

Repeated to M.E.Min for Warner,
Resmin Med.

77777

Following from Ambassador to Greece telegram No. 5.

[Begins]

Secret.

My immediately preceding telegram.

A stream of visitors came yesterday afternoon to see me. The first callers were the only two real communists at the conference with appropriate and inappropriate names Roussos (red) Porphyrogennis *(born into the purple)* Latter did most of the talking as his companion's French was quite inadequate.

2. M. Porphyrogennis opened with a long speech of pure propaganda of which the main points were the following: the British were the greatest brother allies, EAM had always been solidly pro-British, everything said against EAM by their enemies was false, EAM had alone fought the Germans and had killed 12,000 of them, they had committed no atrocities against other Greeks.

3. After listening patiently for some time I interrupted by saying I was extremely well informed about what had been happening in Greece during the past year, that my sources were British with no axe to grind and that it was really as waste of time to talk unrealities. I said we were far from being satisfied on any point he had mentioned including their claim to have always been solidly pro-British, that on many occasions operational instructions from Commander in Chief, Middle East, had not been carried out by ELAS (in striking contrast with the loyalty of ZERVAS) that golden sovereigns supplied for civilian relief had been used for other purposes that arms supplied by us for use against the Germans had been turned against their fellow Greeks or hidden for future political purposes or smuggled into the towns. Finally I said that the evidence against ELAS in two civil wars against ZERVAS EKKA was too strong for me not to accept it.

4...

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223008

4. Having put them on the defensive I then said that in spite of very unsatisfactory past I felt sure that the line offered by this conference to make a new beginning should and could be seized successfully. EAM represented only a section of the population (though a small one) and should be represented in the Government and share the responsibilities of Government. This I found to be the view of all the other parties. Was EAM prepared to play?

5. M. Porphyrogennis, after having said with an air of injured innocence that the distrust shown in them by me and by other parties made things very difficult, stated categorically that they were prepared to co-operate to the full. He said he thought full agreement would be reached at this conference.

6. Before we parted, after they had thanked me for my frankness which as *realists* they appreciated I warned them what I had said to them was a very mild foretaste of what they would hear from other Greeks at the conference.

OTP

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

AMENDED DISTRIBUTION(15th May 1944)

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] WAR CABINET DISTRIBUTION

FROM BEIRUT TO FOREIGN OFFICE

Sir E. Spears.
No. 280.
14th May 1944.

D. 9.36 a.m.G.M.T. 14th May 1944.
R. 12.10 p.m.D.B.S.T. 14th May 1944.

Repeated to M.E. Min (for Mr. Warner).
Resmin. Med.

rrrrrr

IMMEDIATE

Following from His Majesty's Ambassador to Greece telegram No. 6.

[Begins]

SECRET

My telegram No. 4.

Last night a Greek doctor from Beirut who has been attending M. Papandreou gave an alarmist report on his health. He said he had a clot of blood and could not proceed with the conference.

2. I told M. Papandreou's secretary, who in a state of great pertubation brought me this report, that clearly the conference could not open to-morrow before the facts had been established about the Prime Minister's health. Meanwhile we would get a British heart specialist to visit the patient to-morrow morning. This has now been arranged.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

AMENDED DISTRIBUTION (15.5.44)

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

[CYPHER] WAR CABINET DISTRIBUTION

FROM BEIRUT TO FOREIGN OFFICE

Sir E. Spears
No. 282.

D. 6.25 p.m. May 14th, 1944.
R. 9.05 p.m. May 14th, 1944.

May 14th, 1944.

Repeated to M.E. Min (For Warner)
Resmin Med

- b b b b

IMPORTANT

Following from His Majesty's Ambassador to Greece telegram No. 7.

[Begins]

My immediately following telegram contains text of a written message to Mr. Churchill given to me yesterday by M. Svolos. It is signed by M. Svolos for Political Committee of National Liberation, Por[phyrogennis] for E.A.M. and Roussos for Communist party.

2. He assured me that he had no objection to its being made public if the Prime Minister wished. I should welcome this.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] WAR CABINET DISTRIBUTION (Amended Distribution 15/5/44

FROM BEIRUT TO FOREIGN OFFICE

Sir E. Spears,
No. 283
14th May 1944

D. 6.42 p.m. GMT 14th May 1944
R. 9.05 p.m. DBST 14th May 1944

Repeated to ME. MIN for Warner
RESMIN MED.

... ...

IMPORTANT

Following from Ambassador to Greece telegram No.8

[Begins]

Secret

My immediately preceding telegram.

Following is text of message for Mr. Churchill from Svolos, Porphyrogennis and Roussos.

[Begins] "As representatives of Fighting Greece to Conference for National Unity we desire to express to Your Excellency our respectful admiration and to thank you for the interest which you take in our country and in her future.

This interest springs from a more than century old tradition which is dear to the Greek people and which actions of so distinguished a person as Your Excellency have made still stronger. We believe that it is this interest, coupled with the sorrow so rightly felt on account of recent events in our Middle East Forces, which evoked your severe judgement of our country. May we be permitted to state however that the resistance and bloody struggle of the Greek peoples in towns and in mountains are such as to exceed in moral importance the madness of the actions of irresponsible persons, which although sprung from a desire for national unity have led to deplorable and disastrous results which must be condemned by all.

Your Excellency may rest assured that we will do all in our power to achieve national unity, which is an essential condition not only for a more successful struggle against the enemy but also for the reconstruction of our country, victim of Italian, German and Bulgarian aggression. We know that the help of our great Allies, and especially of Great Britain under her dauntless leader will not be found wanting". [Ends]

OTP

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

AMENDED DISTRIBUTION(15th May 1944)

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] WAR CABINET DISTRIBUTION

FROM BEIRUT TO FOREIGN OFFICE

Sir E. Spears.
No. 284.

14th May 1944.

D. 6.12 p.m.G.M.T. 14th May 1944.
R. 8.55 p.m.D.B.S.T. 14th May 1944.

Repeated to M.E. Min (for Bari)
Resmin Med.

rrrrrr

IMPORTANT

Following from Ambassador to Greece telegram

No. 9.

[Begins]

SECRET

My telegram No. 7.

At the same time M. Svolos handed me a similar message for President Roosevelt and asked me to transmit it to the United States Ambassador in Cairo. My immediately following telegram gives the text.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Greece

C223013

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] DIPLOMATIC SECRET

FROM BEIRUT TO FOREIGN OFFICE

Sir E. Spears D.7.0 p.m. 14th May, 1944.
No. 285

14th May, 1944. R.9.25 p.m. 14th May, 1944.

Repeated to M.E. Min. for Warner.
Resmin. Med.

T T T T T

IMPORTANT.

Following from His Majesty's Ambassador to Greece telegram No. 10.

[Begins].

SECRET.

My immediately following telegram.

Following is text of message for President Roosevelt from Svolos, Porphyrogennis and Roussos. "We, the representatives of fighting Greece at Conference for national unity wish to express to you our respectful admiration and our gratitude for the friendly interest which you take in our country.

The Greek people who are fighting in the towns and in the mountains against the most barbarous of tyrannies will never allow themselves to be withdrawn from the camp of the Allies and of the United Nations who are fighting for freedom and amongst whom your great country occupies, under your illustrious leadership, so glorious a position.

Though the desire for national unity has led to actions as melancholy as the late mutinies in the Middle East forces, actions deplored and condemned by all, we can assure your excellency that the Greek people by their struggle of yesterday, today and tomorrow and by the help of their great Allies will succeed in rubbing out that dark page.

We rely on your sympathy which you have so often shown towards our country and we assure you that we will do our utmost to achieve that national unity which is an indispensable condition for the liberation, the peace and well-being of our country which has endured so much from Italian, German and Bulgarian aggressors".

[Ends].

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

AMENDED DISTRIBUTION (May 15th, 1944)

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

[CYPHER]

WAR CABINET DISTRIBUTION

FROM BEIRUT TO FOREIGN OFFICE

Sir E. Spears
No. 285
14th May, 1944.

D. 7.00 p.m. 14th May, 1944.
R. 9.25 p.m. 14th May, 1944.

Repeated to M.E. Min for Warner
Resmin Med.

sssss

IMPORTANT

Following from His Majesty's Ambassador to Greece telegram No. 10.

[Begins]

SECRET

My immediately following telegram.

Following is text of message for President Roosevelt from Svolos, Porphyrogennis and Roussos. "We, the representatives of fighting Greece at Conference for national unity wish to express to you our respectful admiration and our gratitude for the friendly interest which you take in our country.

The Greek people who are fighting in the towns and in the mountains against the most barbarous of tyrannies will never allow themselves to be withdrawn from the camp of the Allies and of the United Nations who are fighting for freedom and amongst whom your great country occupies, under your illustrious leadership, so glorious a position.

Though the desire for national unity has led to actions as melancholy as the late mutinies in the Middle East forces, actions deplored and condemned by all, we can assure Your Excellency that the Greek people by their struggle of yesterday, to-day and to-morrow and by the help of their great Allies will succeed in rubbing out that dark page.

We rely on your sympathy which you have so often shown towards our country and we assure you that we will do our utmost to achieve that national unity which is an indispensable condition for the liberation, the peace and well-being of our country which has endured so much from Italian, German and Bulgarian aggressors".

[Ends]

OTP

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223015

AMENDED DISTRIBUTION -- 15th May, 1944.

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[Cypher]

WAR CABINET DISTRIBUTION.

FROM BEIRUT TO FOREIGN OFFICE.

Sir E. Spears.
No.287. D. 3.05 p.m. GMT 14th May, 1944.
14th May, 1944. R. 5.35 p.m. DST 14th May, 1944.

Repeated to M.E. Min (for Warner)
Resmin Med.

C C C

IMMEDIATE.

Following from His Majesty's Ambassador to Greece telegram No.12.

[Begins]

SECRET.

My telegram No.5.

Apart from Communists I had visits yesterday from M. Svolos and M. Angelopoulos of the Political Committee and Rendis of the Liberal Party. Each asked for a separate interview.

2. The two members of the Political Committee talked in the same strain. They are both Professors from Athens University - quiet, friendly and rather ineffective. They said they had left Athens to join the Political Committee in order to off-set influence of Communists and to promote a wider unity. (I think this is sincere). Their desire was to represent new and more progressive currents than were represented in pre-war political parties. They both said that they were Socialist and not Communist and that the weakness of Greece was the absence of a strong Socialist Party. They did not wish Communism to have a monopoly of the left wing movement although they considered Communists were now becoming more responsible and sincerely wished to collaborate with other parties.

3. M. Angelopoulos explained he was a personal friend of M. Papandreou for whom he had a high regard. He was quite prepared to accept him as Prime Minister. I said so far as I could gather their ideas for the future were not dissimilar. M. Papandreou had himself told me a few days ago that alternative before Greece was Socialism with

....liberty

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223016

liberty or Communism without, but to him liberty was the first essential and Britain was his model in this respect. This struck a responsive chord and he assured me that he would help M. Papandreou in every way possible to reach a general agreement.

4. M. Rendis who only arrived here from Athens during the afternoon was the next visitor. He has instructions from M. Sophoulis the leader of the Liberal Party to back M. Papandreou and to work for an agreement though he is a bitter critic of E.A.M. for what they have done in Greece. He said he had come to see me at once before embarking on any discussions with other delegates in order to be sure that any line he took had the approval of the British. I told him that we desired a general agreement from which no party would be excluded and that it would be much better for the Communists to join the united front and share the responsibilities of the Government with the others. M. Rendis said he appreciated this very British method of bringing all sides together in a special emergency and promised to work for this end.

5. M. Rendis makes a good impression. He is experienced and seems to be well balanced.

OTP

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

AMENDED DISTRIBUTION (15.5.44.)

(CYPHER)

WAR CABINET DISTRIBUTION

FROM BEIRUT TO FOREIGN OFFICE

Sir E. Spears,
No. 288.
May 14th, 1944.

D. 3.13.p.m.GMT. May 14th, 1944.
R. 6.15.p.m.DBST.May 14th, 1944.

Repeated to M.E.Min (for Warner)
Resmin Med.

IMMEDIATE.

------oOo------

Following from His Majesty's Ambassador to Greece telegram No. 13.

[Begins]. Secret.

My immediately preceding telegram.

M. Rendis also raised the question of a British Commander-in-Chief in Greece backed by a British military mission. If an agreement were reached he thought this might be the best way of preserving peace as it would be difficult to find a Greek Commander-in-Chief in these special circumstances.

He said this was at present only his own idea but he would like to raise it with M. Papandreou if I had no objection.

2. I replied that this idea had already occurred to us and I felt sure that if the new Greek Government when formed approached us in this sense request would receive most sympathetic attention.

(OTP).

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

[CYPHER]

POLITICAL DISTRIBUTION

FROM ALGIERS (AMBASSADOR) TO FOREIGN OFFICE

Mr. Duff Cooper.
No. 569. D. 7.18 p.m. 14th May, 1944.
14th May, 1944. R. 11.55 p.m. 14th May, 1944.

Repeated as in my telegram No. 536.

V V V

IMMEDIATE

Algiers Weekly Summary No. 56.

Italian Front. Renewed offensive in Italy is to some extent distracting attention from the French political scene. The participation of French troops in assault on the Gustav line was announced by de Gaulle at the end of the debate on foreign affairs referred to below. General Juin's moving Order of the Day to the French troops: "you will conquer as you have already conquered in thinking of martyrised France which is waiting you and watching you" has been given considerable publicity.

2. Foreign Policy.

French foreign policy has been defined in two important speeches recently. In his Tunisian speech on May 7th de Gaulle declared that Frenchmen wished in Western Europe to be the centre of direct and practical international co-operation; and in the East first of all, the permanent allies of "dear and powerful Russia" a phrase he first used in his speech at Ajaccio on March 29th after the liberation of Corsica. (My summary No. 25). Massigli's statement in the Assembly on May 12th was less categorical. He pointed out that the progress which had been made in the attitude of the allies to French Committee of National Liberation as a result of your and Hull's recent statements. While speaking of steps to develop Franco-Soviet relations (in particular Russia's more generous recognition of the French Committee of National Liberation) he stressed the importance of Franco-German relations after the war and said it was impossible to conceive of a post war settlement or a European "Directoire" in which France did not take part. After this war treaties should not be put together hurriedly as they had been in 1919. The future peace should not repeat the errors of the inter-war period. France had fully realised the inadequacy of Geneva's legal formulae. He only referred in moderately critical terms to the suspension of cypher communications which de Gaulle at Tunis had said made conclusive arrangements in regard to the liberation of France impossible.

3. Resistance.

D'Astier's opening and closing statements during the resistance debate on May 10th were well received. He stressed the continued need for arms but acknowledged what had already been achieved. Restrictions on communications had however dangerously limited contact between the French Committee of

/National.....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223019

National Liberation and resistance. The principle might have been justifiable but should have been applied with more care. Finally he called for the recognition of the resistance groups, a point which the French Committee of National Liberation took up two days later. The measures taken will probably establish pension and other rights for "soldiers without uniform".

4. Trials.

On May 12th Admiral Derrien was found guilty by Military Tribunal of having on December 8th 1942 surrendered units of the fleet to the enemy and was sentenced to imprisonment for life due to his age without hard labour. General Weiss asked for the death penalty but a strong plea by the defence may have been partly responsible for turning the scales.

5. Economic.

Locust recurrences and the news print shortage are still causing grave concern.

Please repeat to Lisbon as my telegram No. 22 Saving and Madrid as my telegram No. 23 Saving.

[Repeated to Lisbon No. 174 Saving and Madrid No. 85 Saving 15th May.]

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

OUTWARD TELEGRAM

C223020

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

C/G

[CYPHER] WAR CABINET DISTRIBUTION

FROM FOREIGN OFFICE TO MADRID

No. 584
May 14th 1944 D. 7.10 p.m. 14th May 1944

Repeated to Tangier No.101
Washington telegram No. 4269

... ...

MOST IMMEDIATE

Your telegrams No. 742 745 and 752 of May 12th and May 14th: Closing of German Consulate-General at Tangier]

I do not doubt General Jordana's good intentions but his present solicitude for saying German face contrasts unfavourably, as Mr. Gascoigne points out in his telegram No.178, with the lack of similar solicitude for our susceptabilities in 1941. General Jordana also seems to ignore the fact that important elements here and in the United States are sceptical of Spanish good faith. Such scepticism will be strengthened if I am unable to make a satisfactory announcement in the near future. The only result will be that Spain will acquire little credit from the new agreement. Your telegram No.745 is more encouraging but the period of a fortnight mentioned therein will elapse on May 16th when I must answer questions in the House. My immediately following telegram represents the kind of thing I should have to say if situation remains unchanged. You will see that this goes far to meet General Jordana's susceptibilities but I doubt whether it would be well received here and I should much prefer General Jordana to authorise me before Tuesday to give a more definite timetable.

2. As I pointed out in my telegrams Nos.567 and 572 there can be no question of petrol being loaded for Spain before the German Consulate has been closed and the Consul and his staff have left Tangier. As first Spanish tankers are due to reach Aruba on May 21st I shall have to approach the United States Government on the above lines within the next few days. General Jordana should realise that in view of the American attitude on this question such an approach may well revive their earlier scepticism regarding the value of the agreement as a whole and result in further considerable delay in the provision of oil for Spain.

3. You should speak immediately to General Jordana on the above lines, telling him of the lines which any statement might have to follow, and urging him in his own interest to provide me with more satisfactory and definite information without further delay and if possible before I have to make a public statement early on May 16th.

OTP.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223019

National Liberation and resistance. The principle might have been justifiable but should have been applied with more care. Finally he called for the recognition of the resistance groups, a point which the French Committee of National Liberation took up two days later. The measures taken will probably establish pension and other rights for "soldiers without uniform".

4. Trials.

On May 12th Admiral Derrien was found guilty by Military Tribunal of having on December 8th 1942 surrendered units of the fleet to the enemy and was sentenced to imprisonment for life due to his age without hard labour. General Weiss asked for the death penalty but a strong plea by the defence may have been partly responsible for turning the scales.

5. Economic.

Locust recurrences and the news print shortage are still causing grave concern.

Please repeat to Lisbon as my telegram No. 22 Saving and Madrid as my telegram No. 23 Saving.

[Repeated to Lisbon No. 174 Saving and Madrid No. 85 Saving 15th May.]

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

OUTWARD TELEGRAM

C223020

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

C/G

[CYPHER] WAR CABINET DISTRIBUTION

FROM FOREIGN OFFICE TO MADRID

No. 584
May 14th 1944 D. 7.10 p.m. 14th May 1944

Repeated to Tangier No.101
Washington telegram No. 4269

... ...

MOST IMMEDIATE

Your telegrams No. 742 745 and 752 of May 12th and May 14th: Closing of German Consulate-General at Tangier]

I do not doubt General Jordana's good intentions but his present solicitude for saying German face contrasts unfavourably, as Mr. Gascoigne points out in his telegram No.178, with the lack of similar solicitude for our susceptabilities in 1941. General Jordana also seems to ignore the fact that important elements here and in the United States are sceptical of Spanish good faith. Such scepticism will be strengthened if I am unable to make a satisfactory announcement in the near future. The only result will be that Spain will acquire little credit from the new agreement. Your telegram No.745 is more encouraging but the period of a fortnight mentioned therein will elapse on May 16th when I must answer questions in the House. My immediately following telegram represents the kind of thing I should have to say if situation remains unchanged. You will see that this goes far to meet General Jordana's susceptibilities but I doubt whether it would be well received here and I should much prefer General Jordana to authorise me before Tuesday to give a more definite timetable.

2. As I pointed out in my telegrams Nos.567 and 572 there can be no question of petrol being loaded for Spain before the German Consulate has been closed and the Consul and his staff have left Tangier. As first Spanish tankers are due to reach Aruba on May 21st I shall have to approach the United States Government on the above lines within the next few days. General Jordana should realise that in view of the American attitude on this question such an approach may well revive their earlier scepticism regarding the value of the agreement as a whole and result in further considerable delay in the provision of oil for Spain.

3. You should speak immediately to General Jordana on the above lines, telling him of the lines which any statement might have to follow, and urging him in his own interest to provide me with more satisfactory and definite information without further delay and if possible before I have to make a public statement early on May 16th.

OTP.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

OUTWARD TELEGRAM

C223021

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

[CYPHER] WAR CABINET DISTRIBUTION.

FROM FOREIGN OFFICE TO MADRID.

No.585 D. 7.20 p.m. 14th May 1944.
14th May 1944.
Repeated to Tangier No.102
Washington No.4270.

QQQQQ

MOST IMMEDIATE.

My immediately preceding telegram.

I should have to make statement on following lines:

I understand that immediately after the agreement reached between His Majesty's Government, the United States Government and the Spanish Government early this month, of which I informed the House on May 2nd, the Spanish Government made urgent representations to the German Government concerning the closure of the German Consulate-General at Tangier and the departure of German officials connected with it. His Majesty's Government had anticipated that it would probably take some days to complete the necessary formalities. The Spanish Minister for Foreign Affairs has now informed His Majesty's Charge d' Affaires that the Spanish Government's decision to close the German Consulate-General in the immediate future is definite and that it has been accepted by the German Government. I understand that the Consular Shield and flag are being taken down at once, if indeed this has not already taken place. His Majesty's Government, who are fully alive to the importance of avoiding undue delay, have no reason to suppose that the Spanish Government do not share their desire to dispose of this matter satisfactorily in the immediate future. It is obvious that the reciprocal obligations contained in the recent agreement hang together and that no one undertaking can be carried out apart from the others. In this connexion I am glad to be able to inform the House that satisfactory discussions are proceeding between British, American and Spanish experts in Madrid regarding the technical measures required in connexion with the wolfram clauses in the agreement. The Spanish Government have already given instructions for the release of the remaining Italian ships and considerable progress has been made in regard to the departure of German agents from Spain. The Spanish Government have also recently requested the Japanese Government to arrange for the early departure from Tangier of a member of the staff of the Japanese Embassy at Madrid, who has been residing there in recent months.

2. I shall probably be pressed in a Supplementary concerning oil shipments, in which case I shall say that this is one of the obligations which hangs together with the others, that the first shipments cannot in any case reach Spain until the beginning of next month, by which time there is no reason to suppose that the agreed arrangements concerning Tangier will not have been completed.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

OUTWARD TELEGRAM

C223022

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

C /8

[CYPHER] WAR CABINET DISTRIBUTION

FROM FOREIGN OFFICE TO MADRID

No. 586. D. 6.35 p.m. 14th May 1944.

14th May 1944.

Repeated to Tangier 103.
Washington 4271.

rrrrrr

MOST IMMEDIATE

Your telegram No. 742 [of May 12th].

I am disturbed that the word "forthwith" was not included in the protocol, the text of which has not yet reached me. I used it in my statement in the House on May 2nd and it was contained in the original draft referred to you for comments in my telegrams Nos. 468, and 469 of April 21st.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

OUTWARD TELEGRAM

C223023

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

C /G
[CYPHER]

WAR CABINET DISTRIBUTION

FROM FOREIGN OFFICE TO LISBON

No. 698
14th May, 1944. D. 2.45 p.m. 14th May, 1944.

Repeated to Washington No. 4256
Rio de Janeiro No. 226

SSSSS

IMMEDIATE

TOP SECRET

Your recent telegrams show clearly that there is no prospect of obtaining a complete wolfram embargo from the Portuguese Government in the near future. We must therefore either (a) resort to drastic means of pressure, political or economic or both, in the hope of compelling Dr. Salazar to give way, or (b) accept a compromise settlement analogous to that recently reached with Spain.

2. Course (a) presents long and short term disadvantages. So far as the immediate wolfram issue is concerned we are only interested in quick results. Whatever means of pressure we may adopt we cannot hope to bring Dr. Salazar round for several months. By that time we should be able to stop wolfram exports to Germany by other means. Meanwhile, Germany will continue to receive wolfram at the present rate of 150 tons, if not at an even higher rate. From the long term point of view there are obvious objections, for us as well as for Dr. Salazar, to a deadlock in which all our strategic requirements and more particularly the smooth development of the Azores facilities, to which the United States Government will no doubt attach increasing importance, for ferrying aircraft to the Far East will be gravely prejudiced. Nor is it ultimately in our interest even if we could achieve this, to provoke Dr. Salazar's fall and create chaos in Portugal, which would probably spread through the whole Iberian Peninsula.

3. We must therefore adopt course (b). Dr. Salazar's proposals, summarised in your telegram No. 820 are, however, inacceptable. We cannot accept an offer based on the unpredictable production of the German mines which, once the free market was closed to Germany would undoubtedly absorb large quantities of free wolfram. Such an arrangement would inevitably become the source of constant friction between us. We must, therefore, have a definite figure and we are prepared to meet Dr. Salazar by accepting his figure of 700 tons, to which he thinks the production of the German mines should shortly approximate. We are also ready to take the Portuguese wolfram year as our basis and ignore the 300 tons exported in January and February. But as at least 260 tons have already been exported since March 1st there would remain only 440 tons for

/export

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223023

C223024

export between now and February 28th, 1945. We are mainly interested in the immediate future, and, since Portugal has already exported to Germany so much more than Spain in recent months, we should insist upon monthly instalments of 20 tons a month from May to August inclusive, and 60 tons a month thereafter till next February. We must also insist upon the cancellation of the export of 150 tons claimed to be due to the Germans under the expired agreement and upon adequate measures being taken to permit our co-operation with the Portuguese authorities in preventing smuggling.

4. The above represents the absolute minimum which His Majesty's Government could justify to the British public as being a settlement at least as favourable to us as that recently reached with Spain. Dr. Salazar was wrong in stating that there were no German-owned wolfram mines in Spain. In fact such mines produced approximately 600 tons last year as compared with between 800 and 900 tons from German mines in Portugal. Spanish exports to Germany from March 1st to the end of 1944 will be only 360 tons. On that basis we could legitimately expect the Portuguese to limit their exports to 480 tons, of which 260 tons have already gone. We are, however, prepared to let Portugal export 320 instead of 220 tons to Germany by the end of 1944 and even to agree to a further 120 tons in January and February next, if such exports are practically possible. Moreover, the total figure of 700 tons for the year is Dr. Salazar's own figure for German production. We therefore regard our proposal as erring on the side of generosity and as one which Dr. Salazar should have no difficulty in presenting in a favourable light to our enemies.

5. The question at issue is therefore mainly one of presentation, and you should make it clear to Dr. Salazar that, whereas we cannot make his own offer acceptable, we should do our best to secure comprehension for the Portuguese position if our proposal is accepted. Clearly, however, there can be no enthusiasm here for a settlement in which our Portuguese ally only goes as far as the Spaniards have gone.

6. I realise that you will have to exert strong pressure to bring Dr. Salazar to accept the above arrangement in the near future. I have recently had reliable and most secret indications that Dr. Salazar has been reassured by the fact that we have not hitherto introduced any threat of reprisals. This is clearly a weapon we must use with great care, but I consider that the time has come for a frank statement of the position which Dr. Salazar will be free to construe as a threat or not, as he sees fit. My immediately following telegram contains the text of a further message to Dr. Salazar from the Prime Minister which will, I hope, cause Dr. Salazar seriously to reflect on the consequences of any further opposition to our wishes. You will no doubt wish to develop the Prime Minister's reference to the effects of any refusal upon the Alliance, in the sense of

/your

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

OUTWARD TELEGRAM

C223025

your telegram No. 832. You should in particular point out to Dr. Salazar that, while we may have preferred Portuguese neutrality in the earlier stages of the war, a new situation has since arisen, in which we should infinitely prefer Portugal fully to honour the Alliance and to come into the war. This she could do with very little risk to herself and with great benefit to the future of the Alliance and to the long term interests of Portugal. Our present proposals are only designed to meet what we understand to be Dr. Salazar's wishes and are in no sense ideal from our point of view.

7. While I realise the difficulties about economic sanctions which would affect primarily the Portuguese people, we must face facts. If the Portuguese Government fail to meet us on the basis now proposed it will be impossible for His Majesty's Government to justify to the British public the continuance of special economic assistance to Portugal, such as that provided under the Azores agreement. Nor could they ask the United States Government to make available essential supplies, including oil, under their control. Apart from wolfram we have no essential purchases in Portugal and therefore, after the expiry of our Azores obligations on June 30th, we should make no special effort to produce coal or other supplies for Portugal. If there is again a bad harvest we should equally be unable to release wheat or shipping as we have done this year. I think you should make this quite clear to Dr. Salazar since it is a statement of fact and in no sense a threat - still less bluff.

8. As regards tactics, I am anxious that action should be taken at the earliest possible moment. I approve the proposals in your telegram No. 836 concerning the Duke of Palmella and the delivery of the Prime Minister's letter. You will also see from my telegrams No. 4258 to Washington and No. 229 to Rio that I hope to enlist the support of the United States and Brazilian Governments and you should, therefore, concert your approach to Dr. Salazar with your United States and Brazilian colleagues and ensure that they give you their full and immediate support.

9. You should take no (repeat no) action pending the result of our consultations with the United States and Brazilian Governments.

OTP

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

OUTWARD TELEGRAM

C223026

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

C /G

[CYPHER]

WAR CABINET DISTRIBUTION

FROM FOREIGN OFFICE TO LISBON

No. 704 D. 7.30. p.m. 14th May 1944

14th May 1944

Repeated to Washington No. 4272,
Rio de Janeiro No. 230.

8 8 8 8

IMMEDIATE

SECRET

Your telegrams Nos. 853 and 855 [of May 13th] crossed my telegrams Nos. 698 and 699 to you, No. 4258 to Washington and No. 229 to Rio.

Unless you see strong objection I do not propose to modify these instructions which, although more detailed, do not I think differ substantially from the line you now propose.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223027

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER]

WAR CABINET DISTRIBUTION

FROM MADRID TO FOREIGN OFFICE

Mr.Yencken
No. 755

D. 3.15 p.m. 14th May 1944
R. 8.12 a.m. 15th May 1944

14th May 1944

Repeated to Tangier.

n n n

IMPORTANT
My telegram No. 752.

Head of European Department in Ministry of Foreign Affairs told me last night that General Orgaz had now been given detailed instructions. He repeated what Minister for Foreign Affairs had told me in my telegram under reference and said that though a definite date still could not be given, he was confident that German Consulate would in fact be closed and the whole affair liquidated much quicker than I (or Mr.Gascoigne) appeared to think.

I said speaking as a friend, I was sure he would realise the importance from the point of view of public opinion in United Kingdom and United States of liquidating the whole affair before the arrival of tankers to load. He said he had thought of that himself and repeated his confidence that everything would in fact be liquidated next week.

Repeat Washington as my telegram No. [group undec.? 20]5.

[Repeated to Washington as telegram No. 4277]

OTP

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Portugal

C223028

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on.]

[CYPHER]

WAR CABINET DISTRIBUTION

FROM LISBON TO FOREIGN OFFICE

Sir R. Campbell
No. 861
14th May 1944.

D. 10.04 p.m. G.M.T. 14th May 1944.
R. 1.30 a.m. D.B.S.T. 15th May 1944.

222

IMMEDIATE

SECRET

My telegram No. 853.

Following is a somewhat expanded sketch of the kind of declaration I have in mind:

After referring to the long list of questions on the Order, Paper, the Prime Minister might state that he proposed to answer them in a single statement; say something about the occasion being a less happy one than that on which the House had listened to his announcement of the agreement under which the Portuguese loyal response to the appeal from her ally agreed to grant certain facilities in the Azores; passing to wolfram say that it has been the constant endeavour of His Majesty's Government in friendly agreement with the Portuguese Government to limit the quantity exported to Germany especially since the peninsula became her sole source of supply; say that at the time of the Azores agreement His Majesty's Government refrained from asking that the supply should be cut off altogether because they did not wish to ask the Portuguese Government to repudiate an existing agreement with Germany; when however that agreement was approaching expiry they considered themselves entitled to ask the Portuguese Government not to make a new one but to authorise the embargo; that the Portuguese Government have intimated that they cannot comply with this request; that His Majesty's Government deeply regret this decision which is not that which they had expected from their ally at a time when every ton of wolfram is of vital importance to their enemy.

It is not necessary to settle in advance the precise wording of the statement which of course will only be made in those sort of terms if Dr. Salazar remains recalcitrant but I must be able to give him a fairly close version of the lines which it will follow.

Would you authorise me to add that the statement is bound to be followed by a number of supplementary questions of a searching character some of which may well go so far as to raise the issue of the alliance.

Would it be possible to add that the lines of the proposed reply have been concurred in by the Dominion Prime Ministers?
OTP

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223029

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] WAR CABINET DISTRIBUTION.

FROM MOSCOW TO FOREIGN OFFICE.

Sir. A. Clark-Kerr. D: 4.15 p.m. G.M.T. 14th May, 1944.
No. 1268. R: 7.10 p.m. D.B.S.T. 14th May, 1944.
14th May, 1944.

5 5 5

Your telegram No. 1244 and my telegram No. 985.

M. Simic called on me on May 12th his secretary having previously telephoned to enquire whether I could receive "Yugoslav Ambassador". He told me that he had noticed of late distinct restlessness in Soviet official circles where he implied that it was everywhere thought that the time was ripe to clarify the Yugoslav situation. He also said that the military mission from Tito (my telegram No. 977) would remain permanently in the U.S.S.R.

2. Although M. Simic is obviously concerned to see his position regularised as soon as possible, his estimation of the official attitude is borne out by the growing difficulties of the former Yugoslav counsellor Marinkovic since the publication a month ago of the article in "War and the Working Class" suggesting the time had come to break off relations with the emigré Yugoslav Government (my telegrams No. 1059 and 1167).

3. It is also significant that on May 11th M. Simic and his family were given prominent seats at the performance of a Soviet patriotic play to which Allied representatives were invited by the People's Commissariat for Foreign Affairs. Marinkovic was conspicuous by his absence.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223030

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

[CYPHER]

WAR CABINET DISTRIBUTION

FROM WASHINGTON TO FOREIGN OFFICE

Viscount Halifax
No. 2530
14th May, 1944.

D. 1.13 p.m. 14th May, 1944.
R. 8.25 p.m. 14th May, 1944.

Repeated to Moscow No. 92.

SSSSS

IMMEDIATE

Your telegram No. 4061.

United States Government accepts invitation. American delegates named in my telegram No. 2495 hope to reach London by May 24th. They regret that they cannot (repeat not) be there sooner.

OTP

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

OUTWARD TELEGRAM

C223031

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] WAR CABINET DISTRIBUTION.

FROM FOREIGN OFFICE TO WASHINGTON.

No. 4258. D. 1.10 p.m. 14th May, 1944.

14th May, 1944.

Repeated to Lisbon No. 700
Rio de Janeiro No. 228.

£ £ £ £ £ £

IMMEDIATE.

SECRET.

Your telegram No. 2478 [of 11th May: Portuguese wolfram].

It is clear from recent Lisbon telegrams repeated to you and from Rio de Janeiro telegram No. 243 that there is no prospect whatever of obtaining a complete embargo. You may now inform the State Department for their most confidential information that our high level approach was through President Carmona himself. You may add that General Smuts also sent a personal message to Dr. Salazar. Although this further pressure has clearly persuaded Salazar to come some ay to meet us, nothing short of the most drastic measures, which would not take effect for several months, could now obtain a completely satisfactory settlement. By th time Portuguese wolfram exports to Germany will we hope be automatically suspended by Allied military action. Nor can we overlook the vital assistance given to the United Nations war effort by Portugal in the Azores. We understand that the smooth development of these facilities will be of increasing importance to the allied war effort, more particularly in re ard to the ferrying of American aircraft to the Far East.

2. We have therefore reluctantly but definitely reached the conclusion that we must accept a compromise settlement approximately equivalent to the Spanish settlement and therefore an improvement upon Dr. Salazar's latest proposals.

3. My telegrams No. 699 and No. 698 to Lisbon contain the text o a further message from the Prime Minister and of covering instructions to Sir R. Campbell. Please show these to the State Department and invite their early concurrence in the line of action now proposed, We think it necessary to act quickly and we hope that instructions will be sent to the United States Ambassador to concert with Sir R. Campbell and support his representations. We hope in particular that the United States Government will authorise us to refer to the probable withholding of United States supplies including oil, a point which the United States Ambassador will no doubt be able to elaborate.

4. You should inform the State Department that we are also seeking the support of the Brazilian Government.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Reprint from
The *New York Times*
of May 14, 1944.

ABROAD

C223032

The Voice of Canada in the Empire Conference

By Anne O'Hare McCormick

THE speech of Mr. Mackenzie King before the British Parliament on Wednesday is likely to be drowned out by the thunderous prelude to invasion reverberating in Italy and on the Channel coast. This is a pity, because the statement of the Canadian Prime Minister has an important bearing on a vitally important development. Made in England, before a meeting of the House of Lords and the House of Commons presided over by Mr. Churchill, it lights up in striking fashion the evolution the war is speeding up in the relations of the states of the British Commonwealth with one another and the mother country, on the one hand, and in the relation between the Empire system and the United States on the other.

Made at this time, on the eve of the supreme venture of the war, Mr. King's address is also a sign of the certainty of victory that characterizes all Allied thinking. The Dominion Premiers are meeting in London at this crucial moment for the same reason that all the Governments on our side are so anxious about the post-war period. They dread the cost of winning, but they have no dread of not winning. They are anxious about the future because they have no doubt that they will have to organize the future.

The premiers met to consider the future. The main purpose of the conference was to discuss whether the ties between the Dominions should be tightened and strengthened to meet the shifts the war is making in the world balance. The British are frankly concerned about the post-war power of Britain relative to that of Russia and the United States. Premier Jan Smuts of South Africa voiced this concern in the sensational address in which he advocated among other things that the nations of northern Europe should be federated with the United Kingdom to strengthen the British position on the Continent. Others argue that Britain is not and should never become a continental power but should rather strengthen her position by supplementing sea power with air power.

This view implies the perpetuation of the Empire, or at least the continuance of close bonds with the Dominions. If the suggestion of Premier John Curtin of Australia were carried out, these bonds would be even closer. He sponsored the idea of a permanent secretariat for the Commonwealth, a kind of imperial council, with headquarters in London to co-ordinate the policies of the member states.

Canada is against this plan. According to a report from London by Percy Philip, Mr. King told the Parliament in well-weighed words "what he came to the Prime Ministers' conference to say about the future organization of the British Commonwealth." What he uttered so carefully was a grave counsel to let well enough alone. "Let us by all means improve where we can," he said, "but in considering new methods of organization we cannot be too careful to see that to our own peoples the new methods will not appear as an attempt to limit their freedom of decision, or, to peoples outside the Commonwealth, as an attempt to establish a separate bloc."

The emphasis in Mr. King's address was on two points. While reiterating in the strongest terms his faith in the Commonwealth as the world model for an association of free nations, he declared that the unity and security of the nations of the Commonwealth will be achieved not by policies which are exclusive but by policies and principles which can be extended to all other nations. Pointing out that the war had proved to great and small nations alike that no national security or prosperity is to be found in isolation, he argued in effect for a universal system as the only safe alternative to any separate system, no matter how large or how strong in itself. This must be the conclusion of all statesmen who contemplate the danger of a world divided into competitive power blocs—Russian, American, British—instead of organized from the beginning, however loosely or gradually, into some sort of committee of the whole.

Mr. King's second point of emphasis was on Canada's ties with the United States. He spoke as the neighbour of this country—"surely the supreme example of a smaller nation living in the fullest security and harmony side by side with a very powerful one"—and almost as the voice of America. He left no doubt in the minds of his hearers that Canada must never be confronted with a choice between the United States and Britain.

If this line of policy is clearer to-day than in the past, it is partly because Canadian industrial production is closely co-ordinated with ours as a result of our unique war partnership. Canada has paid cash for purchases needed for herself, but she has benefited by the flow of lend-lease material exported to and through Canada for Britain and other United Nations, and even more from the American policy, embodied in the Hyde Park Declaration of April, 1941, of placing orders in Canada for all kinds of war materials and supplies. Thus Canada has been able to build up an aircraft industry with American help, has manufactured products we have ordered for lend-lease, and in innumerable ways has geared her war industry so closely to ours that it will be difficult to separate them.

The economic links forged by the war will be hard to break. But if Canada speaks in London with the voice of America, it is also because the two countries do live as neighbours in a different world, a new world. They are neighbours without fear of one another, and they share a certain responsibility as well as a vital interest in enlarging the pattern of security and confidence they have worked out together.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

DRAFT STATEMENT TO BE ISSUED OVER THE
SIGNATURES OF THE FIVE PRIME MINISTERS

We, the King's Prime Ministers of the United Kingdom, Canada, Australia, New Zealand and South Africa, have now, for the first time since the outbreak of the war, been able to meet together to discuss common problems and future plans.

At this memorable meeting, in the fifty-seventh month of the war, we give thanks that we have been so far delivered from the dire perils which have menaced us in the course of this long and terrible struggle against tyranny. Though hard and bitter battles lie ahead, we now see before us, in the ever-growing might of the forces of the United Nations, and in the defeats already inflicted on the foe by land, by sea and in the air, manifest tokens of our future victory.

On behalf of the peoples of our countries who have shown such bravery and endurance in this long conflict, we do honour to the great feats of arms of the forces of the United States and of Russia and pay tribute to the forces of the other nations joined with us as Allies. Above all, we are not unmindful of the valiant part played by our comrades in arms from countries over-run by the enemy.

II.

Our first task has been to pass in review the plans for the conduct of the war against Germany and Japan. On all these we are agreed. We reaffirm the resolve, to which we have held since the days when the peoples of the British Commonwealth stood alone against Germany, to devote all our strength to the war until the defeat of our enemies

is....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

is complete. We seek to bring this about at the earliest possible moment, so that the sufferings of mankind may be speedily brought to an end.

III

We have examined together the guiding principles which determine our foreign policies, and their application to current problems. Here also we have found ourselves in complete agreement. We are united in our determination to continue in association with our Allies a policy designed to give the fullest possible aid to the operations of the armed forces during the war, and thereafter to promote peaceful and orderly development.

IV

In all our deliberations we have been sustained by a lively sense of our unity of purpose, which was never greater than today. That unity finds its strength, not in any formal bond, but in the hidden springs from which human action flows - our common heritage of ideals and loyalties, and our sense of kinship with one another. Our system of free association has enabled us, each and all, to take our full share of the common burden. The methods of democratic Government which we each enjoy have stood the test of two world wars. We believe that when peace returns these same methods, this same free association and this same unity of purpose will be found capable of rendering further service to the cause of mankind.

V

We are resolved that the victory, which with our Allies

we .....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

we shall achieve, should carry with it a sense of hope and freedom for the world. We look forward to the day when we shall play our part in the restoration of liberty and national life in the countries now occupied by the enemy. It is our aim that the peoples of these countries shall be free to decide for themselves their future form of democratic Government.

Our object is to secure fair dealing and honest conduct between the nations of the world. We seek the collaboration of all peace loving peoples, and we ask the help of all in the speedy destruction of tyranny wherever it raises its head. We seek no advantages for ourselves at the cost of others. We desire the welfare of all nations.

VI

We look to the establishment after the war of a world organisation to maintain peace and security. This organisation must be endowed with the necessary power and authority to curb aggression.

VII

The representatives of India at the War Cabinet and the Prime Minister of Southern Rhodesia have taken part in our deliberations. They share our confidence that, in this great field of endeavour all the countries of the British Commonwealth and Empire will go forward together with untiring resolution.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

COLOURED PAPER
PAPIER DE COULEUR

To be despatched in:
Govt. Code
Confl. Code
Cypher
En clair

Tel. No.

Copy No. 2

File No.
C223036

From DOMINION
To EXTERNAL
Dated 12.5.44

Approved .....

Distribution:—
Copy No.
1. H.C. & File
2. Mr. Robertson
3.
4.
5.
6.

Originator's initials
NAR
.....

SECRET. Following for Wrong from Robertson. Begins.

1. For meeting Tuesday morning United Kingdom submitted draft memoranda on Future World Organisation which they intend to give to United States and Soviet Governments as basis of discussion for talks on implementation of Article Four at Washington in May or June. Memoranda propose World Council for action and World Assembly for ~~xxxxxxx~~xx discussion with principal responsibilities assigned to Four Powers. They include memorandum on Military Aspects of Security Organisation previously sent to us through Post-Hostilities channels. Commonwealth Prime Ministers were asked to say if they agreed that these papers were on right lines for preliminary and informal discussions. The plan was to have Three or Four Powers draw up Declaration embodying fundamental principal which could be submitted to other Powers.

2. As memoranda reached us only the night before the meeting we were unable to give adequate consideration to the proposals. They seem, however, to be very sensible and in accord with our thinking. Prime Minister expressed general appreciation but expressed desire to discuss proposals further with his Government. Discussion was left over for Thursday morning meeting.

3. Mr. Churchill submitted Note expressing general agreement but stressing Regional Councils of Asia, Europe and the Americas, whereas memoranda had suggested that

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

COLOURED PAPER
PAPIER DE COULEUR

regional organisations should develop later and fit into overall framework. He also explicitly said World Council should in first instance consist of United States, Soviet Union, China and the British Commonwealth and Empire.

4. At Thursday's meeting Prime Minister made statement on the proposals along the following lines;

5. He agreed that there must be some form of World Council and Assembly and that the Four Powers should accept special responsibility for maintaining security but emphasised the necessity of securing the loyal collaboration of the other Powers. Differences should be recognised between the other Powers. We were willing to recognise a difference in power and responsibility between Canada and the Soviet Union and expected a difference to be recognised between Canada and Panama. Recognition of the functional theory of representation would ensure a co-operative attitude.

6. Regionalism should be approached with caution in order not to encourage illusions about continental isolation. Prime Minister approved view expressed in memoranda that the world organisation should be established first and regional associations might later be fitted into it.

7. He took ~~frank~~ issue with Churchill's proposal that British Commonwealth and Empire should be represented as one Power on the World Council. Policies of British countries would no doubt be in substantial agreement, but World Council would have to be executive body capable of prompt and single minded action. Its members would be trustees of world interest. It could not do so if its members were trying to act on instructions of half a dozen governments. United Kingdom

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

COLOURED PAPER
PAPIER DE COULEUR

is indisputably a great power and must have a place on the Council and a firm and decisive policy which would not be possible if it must decide every issue by majority vote of six countries.

8. Prime Minister then, ~~without quoting source, put forth ideas~~ summarised statement of position contained in paragraph 7 of D.O. telegram No. 705 of September 27th, 1943.

9. He said that prestige of British Commonwealth was never higher, as it was now realised that it represented unique alliance whose interests were those of the United Nations. We must be cautious about rousing old suspicions or losing sight of example of co-operation by free nations we could set.

10. Great Britain and the other Commonwealth countries were strong and respected because of their alliance potential. They might seem less strong to the world if they were bound together in such a way as to magnify their disputes.

11. He considered plans for securing a Declaration by Three Powers to be right procedure to follow. Prime Minister warned against seeming to present a fait accompli to other Powers. He hoped Canada would be able to make constructive contribution.

12. Smuts gave general support, and, in absence of Curtin, Shedden said he thought Curtin would agree. Churchill thereupon withdrew his paper. He said that he had been uncertain himself how much representation could be worked out.

13. It was our view that fundamental differences of view had developed on nature of Commonwealth which should be brought into open. Satisfactory solution seems to have resulted from frank talk

14. Copies of United Kingdom memoranda and Churchill's note were sent to you Wednesday. As latter has now been withdrawn, ~~it should not be circulated.~~ me shall have to ask you to return it.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

COLOURED PAPER
PAPIER DE COULEUR

C223039

OFFICES OF THE WAR CABINET
GREAT GEORGE STREET
S.W.1

SECRET

14th May, 1944.

Dear Mr Mackenzie King

Mr. Churchill has asked me to send you the enclosed "Draft Statement to be issued over the signatures of the Prime Ministers".

As you know, it is proposed that this Draft Statement should be discussed at the meeting to be held at 3.0 p.m. on Monday, 15th May.

Yours sincerely
E E Bridges

The Rt. Hon. W.L. Mackenzie King, M.P.,
Dorchester Hotel,
Park Lane, W.1.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

DRAFT STATEMENT TO BE ISSUED OVER THE
SIGNATURES OF THE FIVE PRIME MINISTERS.

May 15. 1944

We, the King's Prime Ministers of the United Kingdom, Canada, Australia, New Zealand and South Africa, have now, for the first time since the outbreak of the war, been able to meet together to discuss common problems and future plans.

At this memorable meeting, in the fifty-seventh month of the war, we give thanks that we have been so far delivered from the dire perils which have menaced us in the course of this long and terrible struggle against tyranny. Though hard and bitter battles lie ahead, we now see before us, in the ever-growing might of the forces of the United Nations, and in the defeats already inflicted on the foe by land, by sea and in the air, manifest tokens of our future victory.

On behalf of the peoples of our countries who have shown such bravery and endurance in this long conflict, we do honour to the great feats of arms of the forces of the United States and of Russia and pay tribute to the forces of the other nations joined with us as Allies. Above all, we are not unmindful of the valiant part played by our comrades ~~in arms~~ ~~from~~ countries over-run by the enemy.

II.

Our first task has been to pass in review the plans for the conduct of the war against Germany and Japan. On all these we are agreed. We reaffirm the resolve, to which we have held since the days when the peoples of the British Commonwealth stood alone against Germany, to devote all our strength to the war until the defeat of our enemies is complete. We seek to bring this about at the earliest

/possible

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223041

possible moment, so that the sufferings of mankind may be speedily brought to an end.

III

We have examined together the guiding principles which determine our foreign policies, and their application to current problems. Here also we have found ourselves in complete agreement. We are united in our determination to continue in association with our Allies a policy designed to give the fullest possible aid to the operations of the armed forces during the war, and thereafter to promote peaceful and orderly development.

IV

In all our deliberations we have been sustained by a lively sense of our unity of purpose, which was never greater than today. That unity finds its strength, not in any formal bond, but in the hidden springs from which human action flows - our common heritage of ideals and loyalties, and our sense of kinship with one another. Our system of free association has enabled us, each and all, to take our full share of the common burden. The methods of democratic Government which we each enjoy have stood the test of two world wars. We believe that when peace returns these same methods, this same free association and this same unity of purpose will be found capable of rendering further service to the cause of mankind.

V

We are resolved that the victory, which with our Allies we shall achieve, should carry with it a sense of hope and freedom for the world. We look forward to the day when we shall play our part in the restoration of liberty and national

/life

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223042

life in the countries now occupied by the enemy. It is our aim that the peoples of these countries shall be free to decide for themselves their future form of democratic Government.

Our object is to secure fair dealing and honest conduct between the nations of the world. We seek the collaboration of all peace loving peoples, and we ask the help of all in the speedy destruction of tyranny wherever it raises its head. We seek no advantages for ourselves at the cost of others. We desire the welfare of all nations.

VI

We look to the establishment after the war of a world organisation to maintain peace and security. This organisation must be endowed with the necessary power and authority to curb aggression.

VII

The representatives of India at the War Cabinet and the Prime Minister of Southern Rhodesia have taken part in our deliberations. They share our confidence that, in this great field of endeavour all the countries of the British Commonwealth and Empire will go forward together with untiring resolution.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223043

AMENDED DISTRIBUTION - 15th May 1944.

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

[CYPHER] WAR CABINET DISTRIBUTION.

FROM BEIRUT TO FOREIGN OFFICE.

Sir E.Spears D. 8.33 a.m. GMT. 15th May 1944
No.289
14th May 1944 R. 11.12 a.m. DBST. 15th May 1944.
Repeated to M.E. Min (for Mr.Warner)
Resmin Med.

QQQQQ

IMMEDIATE.

Following from Ambassador to Greece telegram No.14.

[Begins] SECRET.

My telegram No.6.

Papandreou was examined this morning by a highly competent British heart specialist who dismissed any fear of a clot of blood. He said he was merely weakened by a sharp attack of influenza and needed two or three days' rest before embarking on the arduous task of the conference. He suggested 17th May for the opening date. This has now been accepted.

2. Nothing is really being lost by this delay. In fact as a result of all these informal conversations prospects of an agreement have steadily improved.

3. At the request of M. Papandreou I have organised excursions for the delegates in the mountains for the next two days.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

U.S.S.R

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

C223044

[EN CLAIR]. POLITICAL DISTRIBUTION.

FROM MOSCOW TO FOREIGN OFFICE.

Sir A. Clark Kerr. D. 1.02 p.m. May 15th, 1944.
No. 1263.
May 14th, 1944. R. 7.40 p.m. May 15th, 1944.

yyyyyy

Trud May 12th contains article by Observer entitled International Survey analysing foreign press comments on fall of Sebastopol. Powerful attack can overcome any fortifications which is significant experience on eve of impending Allied operations. Germans were counting upon delaying combined blows but action must upset their plans. Million of Germans had perished on Soviet front and Allied army in Britain was ready to invade West Coast of Europe. Extracts given from New York Times Daily Herald showing feeling of expectancy. Article analyses recent air attacks on Continent with object of destroying railway system. In conclusion article notes increase of Nazi terror in occupied countries denoting weakness and anxiety.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

OUTWARD TELEGRAM

C223045

(U 4174/14/74)
[CYPHER]

POLITICAL DISTRIBUTION

FROM FOREIGN OFFICE TO WASHINGTON

NO. 4267. D. 3.40 a.m. 15th May, 1944.
14th May, 1944.

V V V

Your telegrams Nos. 2430 and 2455 [of May 9th and 10th: French civil affairs].

As far as His Majesty's Government's attitude is concerned I fear there is nothing that M. Hoppenot can usefully be told further to my statement in the House of Commons on May 3rd.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223046

(THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT)

S E C R E T

P.M.M.(44) 14TH MEETING

COPY NO. 3

MEETING OF PRIME MINISTERS

MEETING to be held in the Cabinet Room at No. 10 Downing Street on MONDAY, 15TH MAY, 1944, at 3.0 p.m.

AGENDA

1. DEFENCE CO-OPERATION WITHIN THE BRITISH COMMONWEALTH

   Statement by Secretary of State for Dominion Affairs

2. CONSIDERATION OF DRAFT STATEMENT

(Signed) E.E. BRIDGES
J.E. STEPHENSON

Joint Secretaries.

Offices of the War Cabinet,
S.W.1.,

13th May, 1944.

The following have been invited to attend:-

United Kingdom

The Prime Minister
Mr. Attlee
Mr. Eden
Mr. Bevin
Mr. Lyttelton
Lord Cranborne
Colonel Stanley

Canada

The Prime Minister
Mr. N.A. Robertson

Commonwealth of Australia

The Prime Minister
Sir Frederick Shedden

New Zealand

The Prime Minister
Mr. A.D. McIntosh

Union of South Africa

The Prime Minister
Mr. D.D. Forsyth.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223047

MEMORANDUM FOR THE PRIME MINISTER

When the question of Commonwealth post-war defence co-operation comes up this afternoon the main points in any outline of the Canadian attitude are -

Main security problem after the war is world security, not regional or Commonwealth security. It would be unrealistic to consider defence arrangements between Commonwealth countries as in any way an alternative or substitute for a strong world security organisation to which each of us will have to make our appropriate and proportionate contribution.

In the transitional period responsibility for security will rest on the Armed Forces of the Allies in which the forces of the Commonwealth countries have their several parts to play. Questions relating to our respective participation in the Pacific war and the policing of Germany will obviously have to be determined by Governments in the light of strategic plans which are not yet formulated

15th May, 1944.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

War Aims set forth
16 May, 1944 C223116 Historical document
signed by P.M. of different
nations of Commonwealth

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223047

MEMORANDUM FOR THE PRIME MINISTER

When the question of Commonwealth post-war defence co-operation comes up this afternoon the main points in any outline of the Canadian attitude are -

Main security problem after the war is world security, not regional or Commonwealth security. It would be unrealistic to consider defence arrangements between Commonwealth countries as in any way an alternative or substitute for a strong world security organisation to which each of us will have to make our appropriate and proportionate contribution.

In the transitional period responsibility for security will rest on the Armed Forces of the Allies in which the forces of the Commonwealth countries have their several parts to play. Questions relating to our respective participation in the Pacific war and the policing of Germany will obviously have to be determined by Governments in the light of strategic plans which are not yet formulated

15th May, 1944.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223048

(THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT)

S E C R E T

P.M.M. (44) 14th Meeting

COPY NO. 4

MEETING OF PRIME MINISTERS

MINUTES of a Meeting held at 10, Downing Street, S.W.1., on MONDAY, 15TH MAY, 1944 at 3.0 p.m.

PRESENT:

The Rt. Hon. C.R. Attlee, M.P.,
Deputy Prime Minister of the United Kingdom,
(In the Chair)

UNITED KINGDOM

The Rt. Hon. Anthony Eden, M.P., Secretary of State for Foreign Affairs.

The Rt. Hon. Ernest Bevin, M.P., Minister of Labour and National Service.

The Rt. Hon. Oliver Lyttelton, M.P., Minister of Production.

The Rt. Hon. Viscount Cranborne, Secretary of State for Dominion Affairs.

Colonel The Rt. Hon. Oliver Stanley, M.P., Secretary of State for the Colonies.

The Rt. Hon. Brendan Bracken, M.P., Minister of Information (for item 1)

Sir E. Machtig, Permanent Under Secretary of State, Dominions Office.

CANADA

The Rt. Hon. W.L. Mackenzie King, M.P., Prime Minister of Canada.

Mr. Norman A. Robertson, Under Secretary of State for External Affairs.

COMMONWEALTH OF AUSTRALIA

The Rt. Hon. John Curtin, M.P., Prime Minister of the Commonwealth of Australia.

Sir Frederick Shedden, Secretary of the War Cabinet War Council and Department of Defence.

NEW ZEALAND

The Rt. Hon. P. Fraser, M.P., Prime Minister of New Zealand.

Mr. A.D. McIntosh, Secretary of the War Cabinet and Secretary of External Affairs.

UNION OF SOUTH AFRICA

Mr. D.D. Forsyth, Secretary for External Affairs

SECRETARIAT:

Sir Edward Bridges, Sir John Stephenson) Joint Secretaries
Sir Gilbert Laithwaite
Brigadier E.I.C. Jacob
Mr. W.A.W. Clark

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223049

1. DRAFT STATEMENT.

The meeting had before them the draft of a statement (P.M.M.(44) 9) to be issued over the signatures of the five Prime Ministers. A number of amendments were put forward and discussed; Suggestions were also made for modifications in the form of the statement. It was agreed that these should be reported to Mr. Churchill, with a view to the preparation and circulation of the revised draft.

Arrangements for the signature, release and publication of the proposed statement and of any speeches that might be made on the conclusion of the proceedings of the meeting of Prime Ministers were discussed and agreed.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

2. DEFENCE CO-OPERATION WITHIN THE BRITISH COMMONWEALTH

MR ATTLEE asked Lord Cranborne to open the discussion.

LORD CRANBORNE said that defence co-operation within the British Commonwealth was closely linked with the subject of a world security system, upon which interesting and valuable discussions had already been held. Such a world system, if it were to be successful, must have three facets - political, economic and military. The political aspect had been sketched out in the Papers put before the Conference by Mr Eden, and he did not propose to revert to it. It was sufficient to say that the main reason for the failure of the League of Nations was that it had not behind it the sanction of force, so that when its authority was challenged, it was unable to meet the challenge. The World Security Organisation must have teeth, and there had already been some discussion on how these teeth should be provided.

Mr Eden had expressed the idea of a Military Staff attached to the World Council, to draw up plans for preventing aggression, and had explained the reasons in favour of the earmarking by the various member States of certain forces for use in certain areas at the demand of the World Council. If that conception was generally accepted, it immediately raised the question of the part which the nations of the British Commonwealth might have to play in providing these forces. Empire Governments had agreed with the proposal that the main responsibility for the preservation of peace, and for the provision of military forces, would rest on the four great powers - the U.S.A., Russia, China and the nations of the British Commonwealth - freely acting in association. It might indeed be said that there would be only three great powers, as China for this purpose might be considered a big country rather than a great power. In any case, whether or not there were to be regional organisations within the world system, the conception of the four-Power Pact remained unchanged. The nations of the British Commonwealth would remain one of the main props of the organisation. The question was, how could our contribution be made most effective?

The World Council must be able to call upon our whole resources if required, and close consultation would be essential if such resources were to be made available. There was also the possibility that the new world system might fail All would hope that this melancholy thought would not come to pass; but one could not ignore the possibility, and close collaboration within the British Commonwealth would then be more essential than ever.

It might therefore be assumed that, whether the new World Security Organisation succeeded or failed, close consultation between the members of the British Commonwealth, and close co-ordination of their military forces would remain of the first importance. One must ask whether the present system was perfect, or whether it could be improved. Up to the outbreak of war, the main organ of consultation had been the Imperial Conference, which was held with fair regularity every few years. Between Conferences, consultation was maintained by various means, such as occasional visits of

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Dominion representatives to the United Kingdom, the attendance of Dominion High Commissioners or other representatives at the meetings of the Committee of Imperial Defence in London, and the regular interchange of Military Officers. In addition, the standard system of organisation, training and equipment throughout the forces of the Empire was a factor of the highest importance in correlating thought and action. Was this the best that could be done, or were other measures possible? He fully realised that it was difficult to discuss Imperial defence in isolation. It was inextricably linked with foreign policy. Obviously, no Government in the Commonwealth would be willing to undertake defence commitments, unless satisifed as to the circumstances in which it might be called upon to implement them.

It was equally clear that it might be politically impossible to come to final decisions on peace or war before the event. As Mr Curtin had rightly pointed out, it was not the Governments alone that determined matters of peace or war, but the electorates of the various countries. But subject to these essential considerations, could we improve the methods of collaboration? It was not his intention to dogmatise in any way, but to put forward certain lines of thought which might be worth consideration:-

(a) Assuming that the Imperial Conference remained the main organ of consultation between the nations of the Commonwealth, would it be possible to give some degree of continuity to its proceedings, by establishing a standing committee to deal with strategy and other aspects of defence.

(b) Alternatively, or perhaps in addition, there might be periodic meetings at regular intervals between Defence Ministers and Chiefs of Staff in London or elsewhere. These might possibly be preliminary to meetings of the World Council.

(c) There might be an extended system for the interchange of military staffs. This would be particularly valuable if, as the result of definite obligations under a world security system, the preparation of joint plans became a practical possibility.

(d) There might be a considerable expansion of the training of U.K. and Dominion officers in the principles of Imperial Defence. This would involve an expanded conception of the Imperial Defence College.

(e) Study might be given to the co-ordination of industrial potential throughout the Commonwealth and Empire. This was a matter which had not been given as much attention heretofore as it deserved, but which had emerged as a new factor of vital importance during the present war, when the various parts of the Empire had supplied others with great quantities of war materials. Much experience had been gained which was extremely valuable, and it would be a pity if in another emergency we had to start all over again at the beginning. It was for consideration whether an expert body might not be set up in the near future to consider this aspect.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

(f) It would no doubt be agreed that the organisation, equipment and training of forces on a common model throughout the Commonwealth should continue as before.

Continuing, LORD CRANBORNE said that the proposals which he had outlined above were not specific, but were thrown out for the consideration of Prime Ministers as possible lines upon which improvement in the present machinery for consultation and co-ordination might be directed. It might be thought desirable to have them technically examined. Some of them might be considered impracticable, others might be thought politically inexpedient. We should, however, be under an obligation to do all in our power to make the new system of world security a success, and he felt that we should do everything possible to improve the machinery of consultation so that when the day came the British Commonwealth would not be found wanting.

MR MACKENZIE KING said that the statement made by Lord Cranborne would be of great value as a basis for consideration of this matter by his Cabinet in Canada. He was not in a position to express any opinion upon it until he had had an opportunity of discussing it with his colleagues. He could hardly say anything useful upon the various suggestions thrown out unless he could back his remarks with a commitment, and this he could not do unless he was in a position to carry the Canadian Parliament with him. Furthermore, he considered that these were questions upon which decisions could not be reached while the war was in progress. As soon as it was over the situation could be considered.

MR CURTIN said that the subject under discussion was one which had presented itself in an acute form during the present war. The Australian Government had felt obliged at one stage to ask that their views should be given due consideration by the bodies responsible for taking the great decisions on the conduct of the war. During the present Conference, Mr Churchill had made it clear on more than one occasion that he felt that the Empire would carry much greater weight if it spoke as one. We were contemplating a future in which a world security organisation would be set up. The British Commonwealth and Empire would have much greater influence in such an organisation than would the United Kingdom divorced from the Dominions. The Australian Government would certainly give careful consideration to each of the proposals put forward by Lord Cranborne, some of which were in some degree already operating. They had found it necessary to ask for an opportunity to be heard in London when decisions affecting Australia were being formed. There object was to ensure that the Australian arguments would be carefully weighed, and that decisions should be taken after they had been heard. If the decision went against the views of the Australian Government they would be perfectly agreeable because they would know that the arguments on the other side had been judged over-riding. These questions were of such importance that he had thought it right to prepare a statement embodying his views.

Mr Curtin then read to the Conference the statement, a copy of which is at Annex I.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

During the reading of his statement, MR CURTIN made certain explanatory comments, as follows.

(a) Referring to the request made by the Australian Government upon the outbreak of the war with Japan, that they should play a greater part in the formulation of policy, and that certain steps should be taken to this end, MR CURTIN pointed out that without full knowledge of the essential facts it was impossible for the Australian Government to take stock of its own obligations, and of the distribution of its own war effort. If it made requests for assistance, and such assistance could only be given by the sacrifice of an essential requirement elsewhere, the Australian Government were entitled to know this in advance. This was a matter which successive Governments in Australia had agreed upon, and his predecessor, before the outbreak of the Japanese war, had sent Sir Earle Page to London for the very purpose of ensuring close contact, and the transmission of essential information. He had, himself, been in entire agreement with this action.

(b) Referring to the examination of the desirability of centralisation of effort, which he had proposed in Section 2(iv) of his Statement, MR CURTIN pointed out that we could not rely implicitly on the capacity of the World Organisation to prevent war. Modern war evoked the employment of the totality of national resources, and he felt that some machinery should be worked out to ensure that the various parts of the Commonwealth would make the best and most economical distribution of effort, whether in the form of forces, of industrial or agricultural production, etc., to meet the particular circumstances arising. This contribution might be different for each Dominion, since some would be closer to the seat of war than others. The essential was that there should be a balanced effort from the Empire behind the strategic recommendations put forward by the Military Staffs. There should be an Empire pool of capacity in war, and this pool must be fed from the various parts of the Commonwealth. This was of course a subject which would not be carried further at the present Conference, but he felt strongly that unless something was done to centralise the effort of the Commonwealth, we should start off another war so far behindhand as to make it difficult to catch up in time. He did not think that the British Commonwealth should be exposed to such a risk.

(c) Referring to the three safeguards for the security of the British Empire set out in Section 3 of his statement, MR CURTIN observed that in the degree of co-operation established within itself, the British Empire should serve as a model to the World Security Organisation.

(d) With regard to the strategical concept for the defence of the South-West Pacific, MR CURTIN pointed out that consideration of the problems involved ought to be continuous. For this purpose, Australia must have a regular association with the United Kingdom as the major component of the Commonwealth, and he felt that the other Dominions should also be associated. The security of Australia was inevitably affected by the security of the possessions of Portugal, France and Holland. The Australian Government could not usefully carry on discussions on these subjects

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

with the Governments of those countries. This would have to be done by the Government of the United Kingdom, but there must be close co-ordination between the Government of the United Kingdom and the Government of Australia on the principles for the treatment of the questions raised. This emphasised the fact that collaboration within the Empire was no less important on foreign policy as on defence and strategy.

In conclusion, MR CURTIN said that the statement which he had read was put forward, not in any spirit of complaint, but as a straightforward commentary upon the post, and as a study of the lessons which might be drawn therefrom. He wished to pay a special tribute to the work of Mr Bruce and Lord Cranborne. Mr Bruce had worked untiringly for the interests of Australia and of the Empire, and the Australian Government felt that they owed a great debt of gratitude to him for his exertions. They also very much appreciated the manner in which Lord Cranborne had carried out his duties at the Dominions Office. They admired his wide outlook and sympathetic understanding.

MR ATTLEE enquired whether Mr Curtin had discussed with Mr Churchill the proposal contained in his statement that monthly meetings between the Prime Minister of the United Kingdom and Dominion High Commissioners should be held for the consideration of the current situation and problems.

MR CURTIN said that he had mentioned the matter to Mr Churchill, who had expressed himself as willing to fall in with the suggestion if it should be generally desired by the Conference.

MR FRASER said that he welcomed the suggestion for the monthly meeting of High Commissioners with the Prime Minister of the United Kingdom. There had in the past been a question of the attendance of High Commissioners on certain occasions at the War Cabinet, and there had also been various plans for a Pacific War Council in London, though this had given place in the end to the plan for the Pacific War Council in Washington. He would not have refused a suggestion at that time for the High Commissioners to attend the Monday meeting of the War Cabinet. He enquired whether it was Mr Curtin's idea that Mr Bruce should still represent Australia at the War Cabinet.

MR CURTIN said that the proposal was that Mr Bruce should come to the War Cabinet when there was some special matter affecting Australia under discussion. There were some who argued that as the Empire fought together as an entity, there ought to be an Imperial War Cabinet: but there were obvious difficulties in the way of such a proposal. The Australian Government felt that they were in a somewhat anomalous position as being the only one of the Dominions represented in the War Cabinet in the United Kingdom.

MR FRASER said that there was little in Mr Curtin's statement with which he disagreed. His Government had endorsed the statement on the Regional Defence of the South-West Pacific which Mr Curtin had quoted. He (Mr Fraser)

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

had prepared a paperØ which he did not intend to read to the Conference, but which he would circulate, upon the question of the Committee of Imperial Defence. He believed that all the Dominion Prime Ministers would agree on the desirability of continuing collaboration with that body. He would welcome a further examination of the ideas put forward by Mr Curtin and he would be willing to recommend to his Government as great a measure of collaboration within the Commonwealth as would be agreeable to all the Dominion Governments. It would certainly draw the conduct of the war closer in the minds of the people of New Zealand if the Prime Minister of the United Kingdom met the High Commissioners once a month as proposed.

MR ATTLEE emphasised the great value of the daily meetings now held between the Secretary of State for the Dominions and the Dominion High Commissioners. Many useful ideas were interchanged, and much background knowledge of the views of the Dominion Governments were obtained by this means.

LORD CRANBORNE expressed his entire agreement. The daily meetings had established a close relationship and he regarded them as the most important part of his work. He welcomed the proposal for monthly meetings between the Prime Minister of the United Kingdom and Dominion High Commissioners.

MR ATTLEE thought that much value would be obtained from periodical meetings between Ministers, other than Prime Ministers, and between officials. A number of Dominion Ministers and officials had visited the United Kingdom, and these had been occasions of mutual advantage. It was possible by personal contact to clear up many points which presented difficulty if dealt with only by correspondence.

MR MACKENZIE KING said that while there was much in Mr Curtin's statement with which he was in agreement, the questions raised would have to be carefully considered along with the whole range of matters connected with world security. All these would be fully examined by his Cabinet. He heartily endorsed Mr Curtin's remarks about Lord Cranborne, in which he would also include Mr Eden. Both had been most understanding of the problems of Canada, and he had great confidence in their outlook and wisdom. He would also like to pay a tribute to Mr MacDonald who, as High Commissioner in Canada, had proved exceptionally helpful, and whom he consulted on many occasions almost as if he were a member of the Canadian Cabinet. He was in full sympathy with the idea of monthly meetings between the Prime Minister of the United Kingdom and Dominion High Commissioners. A reciprocal arrangement was already in operation, as, in his joint capacity as Prime Minister and as Minister of External Affairs, he frequently held consultations with the High Commissioner for the United Kingdom.

MR FRASER associated himself with Mr Curtin's remarks about Lord Cranborne, with whom he would join Mr Attlee and Mr Eden who had previously held Office as Dominion Secretaries. He wished to express his gratitude to all three. New Zealand had never appealed to them in vain, and they all had extended most sympathetic understanding and assistance to New Zealand.

Ø Reproduced as Annex II

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223056

LORD CRANBORNE said that the Conference had now heard a number of very interesting proposals on the subject under discussion. Obviously these could not be taken further at the present Conference, but he hoped that when the Prime Ministers had had an opportunity of consulting their Cabinets it might be possible to set up a technical committee to examine the various proposals which had been made. So much general agreement had been displayed at the Conference that if any development of machinery could assist in carrying matters further, he felt it would be a pity not to proceed with it.

MR MACKENZIE KING said that he would certainly have to consult his colleagues on the many important matters which had been brought forward. It was essential that he should be able to return to Canada without having committed his Government in any way upon these questions, and his Service Advisers would undoubtedly feel that their views should be taken by the Government. He would undertake, however, to examine without delay all proposals which had come before the Conference.

MR BEVIN asked that if further study was to be given to the various proposals which had been put forward, the important question of manpower should not be overlooked. He was much impressed by the fact that we had benefited this time from the precedent established in the last war of the system of reserved occupations, and he felt that it would be a great advantage if the employment of the manpower of the Commonwealth and Empire could be looked at as a whole. Mr Curtin had raised the question of the right application of effort whether to the raising of forces or to the production of food or munitions, and there was no doubt that if the manpower of the Empire could be managed on an organised plan much economy might result. There had been a good deal of joint consideration of production problems, but there had been no corresponding study of the manpower problem. He thought that this was one of the points which the technical committee might look into.

MR FRASER agreed that it would be useful to be able to see at any one time how the whole manpower of the Commonwealth was being employed so that resources could be applied to the best advantage. He hoped that the examination of the many points brought up during the discussion would not be side-tracked and that Dominion Governments would give early consideration to the manner in which progress might be made.

The conclusions of THE CONFERENCE were as follows:-

(a) There was general agreement with the proposal put forward by the Prime Minister of Australia, that there should be monthly meetings at which the Prime Minister of the United Kingdom would meet the High Commissioners of the Dominions and the Secretary of State for Dominion Affairs, to give an opportunity for the Prime Minister to give a review of the current situation and problems, and for the Dominion High Commissioners to raise any questions which they considered should be the subject of consultation with the Dominions.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

(b) The Dominion Prime Ministers undertook to consult their Governments, and subsequently to communicate with the U.K. Government, on the various proposals put forward in discussion for the improvement of defence co-operation within the Commonwealth, and as to whether a small technical committee, representative of the United Kingdom and of the Dominions, should be set up to examine further any of these proposals.

Offices of the War Cabinet, S.W.1,

15TH MAY 1944.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223058

ANNEX I

IMPROVEMENTS IN THE MACHINERY

FOR

EMPIRE CO-OPERATION

DESIRED BY THE AUSTRALIAN GOVERNMENT

1. THE ASSOCIATION OF THE DOMINIONS IN THE HIGHER DIRECTION OF THE WAR

If one might draw a general conclusion on the censensus of opinion of these meetings, it is the unanimity of the view that there is no question of greater importance than the development of co-operation and consultation between the members of the British Commonwealth. There may be a variety of views as to the ways of doing it, but there is unanimity as to the objective that we seek to attain.

Methods of consultation and co-operation have been progressively evolved since the World War of 1914/18. In addition, the Imperial Conferences of 1923, 1926 and 1937 were marked by the enunciation of important guiding principles of Imperial Defence.

Notwithstanding satisfactory progress it was recognised that should another war unhappily come, these methods would require strengthening.

At the Imperial Conference of 1937, the Australian Government raised with the United Kingdom Government the question of Australian representation in any Imperial machinery that might be devised for higher direction in war. The matter was noted as one for consideration on the outbreak of war.

After the commencement of the present war, though steps were taken to keep the Dominions fully informed, notably by cables from Prime Minister to Prime Minister, by the increase in the flow of Dominion Office cables, and by the daily meetings of the Secretary of State for Dominion Affairs with the High Commissioners, there was no implementation of the suggestion for the association of Dominion Representatives with the higher direction of the war.

Upon the outbreak of war with Japan, the Australian Government felt that it was imperative that they should play a greater part in the formulation of policy, and accordingly asked that the Australian Government -

(1) Should have full knowledge of all essential facts, developments and trends of policy.

(2) Should obtain this knowledge in time to express its view before decisions are taken, and

(3) Should have the opportunity, through its Accredited Representative, of presenting to and discussing with the War Cabinet, the important Committees (such as the Defence Committee), and the Prime Minister, or other senior Ministers, any suggestions as to new policy, or views on the policy under consideration, that Australia might from time to time desire to submit.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

In January, 1942, the Advisory War Council in Australia, upon which are representatives not only of the Government but also of the Opposition, when considering proposals for the establishment of a Far Eastern Council in London, with which it did not agree, recommended:

> "That the Accredited Representative of the Australian Government shall have the right to be heard in the War Cabinet in the formulation and direction of policy."

The Prime Minister of the United Kingdom replied to Australia's request indicating acceptance and stating that

> "The fullest opportunity for knowing all essential facts and putting forward suggestions and views will be afforded to Sir Earle Page"

who had been nominated by Australia as their Accredited Representative.

Early in 1942, Mr. Bruce, the Australian High Commissioner in London, succeeded Sir Earle Page as the Accredited Representative, and has continued to act in this capacity ever since.

This system of an Accredited Representative has worked reasonably well, but this in considerable measure has been due to advantages which Mr. Bruce enjoyed. He was Prime Minister of Australia for nearly seven years, and at the outbreak of the war had been resident in London as High Commissioner for some six years. The personal relations which he had been able to establish with British Ministers and with United Kingdom Departments has enabled him to carry out his duties as Accredited Representative in a way that would not have been possible to anyone who had not the close contacts here which Mr. Bruce enjoyed.

The system, however, is not an ideal one because the War Cabinet is not an Imperial War Cabinet but the United Kingdom War Cabinet responsible to the United Kingdom Parliament.

In carrying out its duties the Cabinet has to discuss and determine the United Kingdom attitude upon all questions of policy. Anyone with experience of Cabinet work knows that at times differences between Ministers arise, and it is certainly not desirable, and at times extremely embarrassing, to sort those differences out in the presence of an outsider, however discreet and understanding he might be.

In addition to these practical difficulties there is the fact that it is somewhat anomalous that there should be an Australian Representative in the War Cabinet when none of the other Dominions have taken advantage of the invitation of the Prime Minister of the United Kingdom to appoint an Accredited Representative in the same way that Australia has done.

While I am loath to propose anything which would add to the tremendous burden which Mr. Churchill is bearing at the present time, I would like to make this suggestion for consideration.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

It would be invaluable if the Prime Minister could find the time, notwithstanding his heavy and onerous responsibilities, to meet the High Commissioners and Secretary of State once a month. The object of these meetings would be for the Prime Minister to give a review of the current situation and problems, and to enable Dominion Representatives to raise any questions which they consider should be the subject of special consultation with the Dominions.

In addition to these advantages, such a meeting would give the Prime Minister of the United Kingdom a regular personal contact with the spokesmen from the Dominions and provide the opportunity of hearing at first hand of the problems of those countries.

The adoption of this suggestion, which would give to the Accredited Representative of the Australian Government a contact with the Prime Minister in association with his Dominion colleagues, has such advantages that I would prefer it to the present practice of the Accredited Representative of Australia sitting in isolation in the United Kingdom War Cabinet. In short the Australian Representative would be the Accredited Representative to the War Cabinet and not the Accredited Representative in the War Cabinet, but he would continue to function in the same way as he has done in the past in regard to his detailed activities. Should the circumstances surrounding the consideration of any matter indicate the desirability of the Australian Accredited Representative attending a meeting of the United Kingdom War Cabinet, he would of course be able to do so in accordance with the principle already agreed to by the United Kingdom Government.

I feel that the monthly meeting of the Prime Minister with the Dominion Representatives would be another and a valuable link in the chain of Imperial consultation and co-operation.

2. IMPROVED MACHINERY FOR EMPIRE CO-OPERATION

I would now refer to certain proposals in a speech made by me last December, in which I outlined some ideas for improved machinery for Empire consultation and co-operation:-

(i) MEETINGS OF PRIME MINISTERS

The aim of all machinery must be to provide for full and continuous consultation. This consultation must be consistent with the sovereign control of its policy by each Government.

No machinery which may be established can be superior to, or more satisfactory than the periodical conferences of Prime Ministers of the various parts of the Empire, provided they are held frequently. The Prime Ministers are the heads of their respective Governments, and no one else can speak with the same authority. There can be no substitute for conferences of Prime Ministers on questions of major Empire policy.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Difficulties, of course, will arise in arranging such meetings, owing to local circumstances in each part of the Empire, but in normal times, conferences should be possible at fairly frequent intervals. The place of meeting should not necessarily always be in London. Opportunity should be taken to meet in other parts of the Empire. Such a procedure would emphasise to the various parts of the Empire, the reality of the inter-relation of the Governments and people of the Empire in the same way that the King's representative in each Dominion and colony typifies their loyalty to a common Sovereign.

(ii) MEETINGS OF MINISTERS AND OFFICIALS

The meetings of Prime Ministers should be supplemented and reinforced by meetings of other Ministers of the British Commonwealth as occasion may require, to deal with important questions of mutual interest, such as trade and communications. Again, such conferences need not necessarily be held always in the one place.

There should also be meetings at the official level between officers from the various parts of the Empire to deal with technical matters or to carry out exploratory discussions with a view to their subsequent consideration by Governments.

The meetings of Ministers and officials should be summoned as occasion may require and at the most appropriate or convenient place of meeting.

(iii) PROCEDURE BETWEEN CONFERENCES OF PRIME MINISTERS

The procedure to be followed in London between conferences of Prime Ministers would therefore be:-

(a) The monthly meetings of the Prime Minister of the United Kingdom and Dominion Representatives, as suggested earlier.

(b) The regular daily meeting of the Secretary of State for Dominion Affairs and all the High Commissioners.

There is also the ordinary day to day machinery for dealing with the three major groups of important questions comprising Foreign Affairs, Defence and Financial, Economic and Social questions.

(1) Foreign Affairs. The External Affairs staffs in the respective High Commissioner's Office are in close contact with the Foreign Office. Each Dominion will create such machinery and employ such methods as appear desirable in the light of its own circumstances.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

(2) Defence. All the Dominions have their Service representatives in the United Kingdom. The position of the individual Dominions varies so greatly that it would seem desirable to avoid attempting to establish a uniform system of co-operation. The essential thing is that there should be agreement to co-operate, not only between the United Kingdom and the Dominions, but between the individual Dominions.

(3) Financial, Economic and Social Questions. During the war there has been a great expansion of co-operation in regard to financial, economic and social questions. It is desirable that this co-operation should be maintained and increased. This will happen as a result of the contacts established during the war, provided the Empire Governments accept the principle and so instruct their officials.

(iv) EXAMINATION OF DESIRABILITY OF CENTRALISATION OF EFFORT

It is suggested that so much individual co-operation has now been established that it would seem that the time is approaching when a start might be made in bringing it under a central direction.

As the term "Empire Secretariat" appears to arouse a certain anxiety, and is liable to create misunderstandings, I do not employ it.

I would suggest, however, that the question should be examined as to whether some centralisation of effort would be desirable.

Such an examination could be carried out by a small Committee to which the United Kingdom and each of the Dominions would appoint representatives.

3. THE IMPORTANCE OF POST-WAR CO-OPERATION IN EMPIRE DEFENCE

The preservation of peace is vital to the re-building of the post-war world which is held out to mankind as the recompense for the sacrifices it is being called upon to make.

We hope to be able to maintain peace by the system of world security which it is our aim to build. Our own experience within the British Commonwealth has shown that the growth of co-operation has been slow notwithstanding that we have so much in common. It remains to be seen how quickly and effectively we can develop and maintain a system of world security, but we dare not fail our own people in providing the security for which they so greatly yearn. In doing so by co-operation amongst ourselves we also contribute to world security at large. The one is complementary to the other.

I would refer to three points which I mentioned at an earlier session of the Conference.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

I said that the security of any part of the British Empire in the future will rest on three safeguards, each wider in its scope than the other:-

(i) Firstly, there is national defence, the Policy for which is purely the responsibility of the Government concerned. The extent and nature of a Government's Defence Policy will be influenced by the degree of reliance that can be placed on the second and third safeguards.

(ii) The second safeguard is the degree of Empire co-operation which can be established. This is a matter of bilateral or multilateral planning and arrangement according to the strategical position of the particular part of the Empire concerned, the views of its Government and those of the other Governments that may be concerned.

(iii) The third safeguard is the system of collective security which can be organised on a world and regional basis.

These safeguards are also complementary to each other and none is exclusive of the others.

The need for the co-ordination of Defence Policies for the exchange of information, and for the preparation of plans to ensure the effectiveness of the first two of these safeguards - National Defence and Empire Co-operation - was fully demonstrated by the experience of Australia in this war.

In December 1941 an important decision was taken on global strategy which provided for the defeat of Germany first. Information of this was not learnt by the Australian Government until May 1942, notwithstanding that Singapore had fallen in the previous February, that the Malay - Netherlands East Indies barrier had crumbled, and that the Japanese had advanced to our very doorstep in New Guinea and the Solomon Islands.

On the assumption of the validity of a scheme of Empire Defence on which Australia's Defence Policy had been based, the Government of the day had concentrated on the maximum contribution it could make to the fighting fronts overseas. Three Divisions with a strength of 101,000 men and over 10,000 air personnel were overseas on the outbreak of war with Japan. It therefore became a matter of critical importance to marshal the maximum strength of which we were capable, in order to meet an entirely transformed position in the Pacific Ocean. Part of the A.I.F. returned just in the nick of time. These troops were almost immediately sent to New Guinea without being retrained in jungle warfare, and the threat of invasion was removed by the first New Guinea campaign.

The defence of the Southwest Pacific must be made stronger than in the past. I stated the summarized problem of the regional defence of the Southwest Pacific as follows at the Australian-New Zealand Conference in January last and my views were fully endorsed by the Prime Minister of New Zealand:-

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

"The fundamental concept of the Australian Government is that the best defence of Australia and New Zealand is to be secured by a system of defence based on the island screen to the north of these Dominions.

The purpose of such a scheme of defence is to preserve the strategical isolation of Australia and New Zealand, whose security is linked with that of the adjacent islands. In the hands of ourselves or a friendly Power and adequately defended, they are a bulwark to the defence of Australia and New Zealand and points of offensive action against an enemy. In possession of an enemy, they are spring-boards for offensive action against our mainlands.

The realisation of the ideal strategical concept involves the following important considerations:-

The strategical location of the bases.

The strength of the Dominion Forces available for their defence, and the assistance that will be forthcoming from other parts of the Empire and other Nations in any system of Empire and International Co-operation.

It is vital that the forward bases should be located where their maintenance can be ensured. They should not be capable of being by-passed, neutralised and ultimately occupied.

The holding of the island screen means sea power, air power and garrisons with installation facilities, such as docks, aerodromes and defences.

The local defence of the mainlands of Australia and New Zealand entails similar demands.

The crux of the situation is the extent of the capacity of Australia and New Zealand to provide for the defence of the screen and, at the same time, for the local defence of their territories. It is impracticable for Australia and New Zealand to defend the area unaided.

In regard to sea power, it is necessary, in order to combat a potential enemy such as Japan, to have a base in a suitable strategical position (such as Singapore), and a fleet which can ensure a command of the sea in the Southwest Pacific Area, apart from the maintenance of overseas communications to this Area.

Australia and New Zealand cannot provide a fleet and equip a base on a parallel of what was contemplated in regard to Singapore as the bastion of the defence of British interests in the Pacific. Co-operation with the United Kingdom is therefore essential. If the base should fall and the fleet should fail to come, as happened with Singapore, the defence of the whole screen collapses and the outlying island bases with their garrisons become hostages to fortune. A power with command of the sea and air could readily subdue them. This was what happened in Timor, Ambon and Rabaul. In such circumstances, the mainlands of Australia and New Zealand become wide open to attack.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

The defence of the screen involves co-operation with the United Kingdom and with foreign powers such as the Netherlands (for the Netherlands East Indies and Dutch Timor), Portugal (for Portuguese Timor), the United States (for American possessions in the Southwest Pacific), and France (for New Caledonia, the New Hebrides and other Pacific islands)."

While Australia is quite ready to play its part in a world organisation along the lines mentioned, it is nevertheless a fact of current experience, that, when the peace of the Pacific is broken, Australia's war effort must be concentrated in that area. In the opinion of the Australian Government, it is essential that plans should exist between the parts of the Empire concerned, and also between the other nations concerned, for their co-operation for mutual defence in the strategical area which I have outlined. The Australian people have recently faced the stark realism of a perilous situation. They are determined that everything possible shall be done to prevent a recurrence of a similar danger.

15th May, 1944

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

ANNEX II

BRITISH COMMONWEALTH - DEFENCE CO-OPERATION

Note by the Prime Minister of New Zealand

It will be vital to the future security of the British Commonwealth of Nations that in the post-war period there should be the fullest co-operation between the members on questions of Imperial Defence. As high a degree of unity as possible in defensive policy is essential if the maximum value is to be secured from British Forces in ensuring the protection of British interests and the general well-being of the world. It is not considered that his co-operation need militate against the value or the effectiveness of the general International Security Organization which the Declaration made at Moscow by the three principal Powers indicated would be developed. Indeed this unity of Imperial defence should assist in securing the effectiveness of the general International Security Organization.

2. This paper is concerned with a consideration of the means which should be adopted so that we may secure as high a measure of unity in thought and action between the members of the Commonwealth in matters of defence. The necessity of co-operation and collaboration in Imperial defence indicates that it is desirable to establish as soon as possible, or at least to determine now, for adoption as soon as the war situation permits, some procedure for planning inter-Imperial defence which will be generally acceptable to members of the Commonwealth.

3. The Committee of Imperial Defence which functioned in London prior to the outbreak of war had some responsibility in planning Imperial defence. But the plans devised were directed more particularly to the defence of the United Kingdom and the Colonial Empire. No suggestions were made except on specific requests from some Dominion Governments, regarding the general measure of defence which should be maintained by Dominion Governments, although proposals were advanced from time to time by the Overseas Defence Committee of the C.I.D. regarding the scale and strength of coast defence installations which might be maintained in territories throughout the Commonwealth. While Dominions were represented by their Service advisors on the Committee of Imperial Defence, generally speaking participation by Dominion Service representatives in proceedings of the C.I.D. was limited to discussion in Committees where questions affecting some aspect of Defence for that particular Dominion were under discussion or examination.

4. It is suggested that the functions of the C.I.D. should be expanded to include responsibility for:-

(a) The examination of resources of the British Commonwealth, including the Colonial territories, with a view to determining what contribution, having regard to the general world force necessary for security, should be made towards defence by each of the members and colonial territories.

(b) Planning generally regarding the character of the forces to be maintained by members of the Commonwealth and Colonial territories with a view to ensuring that in the event of attack, balanced forces will be available from the British territories in the region for the protection of British interest there.

(c) Preparing plans for mutual reinforcement between members of the Commonwealth and Colonial territories.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

5. It would be desirable, if the functions of the Committee of Imperial defence are expanded in the manner suggested above, that service representation by Dominion Governments in the Committee should be on the strongest possible basis. At the same time it will be important to ensure that Dominion Service Representatives should always be fully aware of defence problems in their own Dominions. Tours of duty should, therefore, be limited and representatives replaced at intervals, of say, 12 months.

6. The Committee of Imperial Defence in London might be complemented by similar committees in each of the Dominions, and where this appears desirable, in the major Colonial territories also. These local Committees would be responsible for:-

(a) Furnishing to the Committee in London information respecting resources in the territories.

(b) Suggesting for the defence of their own territories.

(c) Arranging, under the direction of the Government for the implementation of the major defence plan suggested by the Committee of Imperial Defence and the International Security Organisation and approved by the Government.

7. The general plans prepared by the Committee of Imperial Defence on questions affecting the defence of the British Commonwealth should be examined on the highest plane and as soon as possible after they are submitted. Plans will, of course, be submitted to Dominion Governments for examination locally; but there are many disadvantages in arranging for the major plans to be examined by the Dominion Ministers directly responsible at a special meeting. It is suggested, therefore, that general plans might be prepared by the C.I.D. covering Imperial Defence for a period of, say, two years and that these be examined at a meeting of the Defence Ministers of the Dominions to be held in London at corresponding intervals. If general approval were thereby given to the plans, action would, subject to formal Government approval, be taken in the various Dominions and Colonial Territories to implement them. In the interval, the C.I.D. could prepare new plans, for the ensuing period of two years, based on developments in the political situation, alteration of the resources of any part of the Commonwealth, and any major development in weapons or equipment that may have been made in the interval.

8. In addition to preparing plans for Imperial defence, it will be desirable to provide some organisation which will make detailed plans for co-operation in particular defence regions such as are envisaged in paragraph 13 of the Australian-New Zealand Agreement of January 1944. In the South Pacific Area, for example, this would involve close co-operation between Australia and New Zealand, Fiji and territories in the High Commission for the Western Pacific. As well as securing full co-operation and co-ordination in Imperial defence in this particular region, this local regional defence Planning Committee would complete plans for mutual reinforcement in the event of a threat against any of the British territories in the area. This regional planning organisation would, of course, be but part of the general authority for the defence zone. The latter would be responsible for considering in detail questions concerning the defence of all territories in the area, e.g., from the Netherlands East Indies in the west to the Cook Islands in the east.

9. Nothing that is said above should be regarded as detracting from the necessity for and the importance of an adequate and effective International Security Organisation such as is contemplated in the Moscow Declaration, 1943. This should be developed as soon as possible and receive the fullest support. It is too early at this stage

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

to say whether or not the International Security Organisation will suggest what forces should be maintained inter alia, by members of the British Commonwealth, or whether this authority would expect to receive from the members of the Commonwealth themselves some indication of the forces which they would be willing to maintain. Whatever procedure is employed, and it seems likely that the latter will in fact result, it is necessary to contemplate the existence of some revised Committee of Imperial Defence. Notwithstanding that in the post-war period we must rely very largely on the United States of America for the defence of our common interests in the Pacific Ocean area, it is essential at the same time that we should realise as effective a development as possible of British power. This can be ensured if there is adequate understanding and co-operation in Imperial defence among all members of the British Commonwealth. This can be most efficiently realised through an adequate inter-Imperial defence organisation which might be developed on the lines suggested above.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223069

IMPROVEMENTS IN THE MACHINERY FOR EMPIRE CO-OPERATION DESIRED BY THE AUSTRALIAN GOVERNMENT

---

1. THE ASSOCIATION OF THE DOMINIONS IN THE HIGHER DIRECTION OF THE WAR.

If one might draw a general conclusion on the consensus of opinion of these meetings, it is the unanimity of the view that there is no question of greater importance than the development of co-operation and consultation between the members of the British Commonwealth. There may be a variety of views as to the ways of doing it, but there is unanimity as to the objective that we seek to attain.

Methods of consultation and co-operation have been progressively evolved since the World War of 1914/18. In addition, the Imperial Conferences of 1923, 1926 and 1937 were marked by the enunciation of important guiding principles of Imperial Defence.

Notwithstanding satisfactory progress it was recognised that should another war unhappily come, these methods would require strengthening.

At the Imperial Conference of 1937, the Australian Government raised with the United Kingdom Government the question of Australian representation in any Imperial machinery that might be devised for higher direction in war. The matter was noted as one for consideration on the outbreak of war.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

After the commencement of the present war, though steps were taken to keep the Dominions fully informed, notably by cables from Prime Minister to Prime Minister, by the increase in the flow of Dominion Office cables, and by the daily meetings of the Secretary of State for Dominion Affairs with the High Commissioners, there was no implementation of the suggestion for the association of Dominion Representatives with the higher direction of the war.

Upon the outbreak of war with Japan, the Australian Government felt that it was imperative that they should play a greater part in the formulation of policy, and accordingly asked that the Australian Government

(1) Should have full knowledge of all essential facts, developments and trends of policy.

(2) Should obtain this knowledge in time to express its view before decisions are taken, and

(3) Should have the opportunity, through its Accredited Representative, of presenting to and discussing with the War Cabinet, the important Committees (such as the Defence Committee), and the Prime Minister, or other senior Ministers, any suggestions as to new policy, or

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

views on the policy under consideration, that Australia might from time to time desire to submit.

In January, 1942, the Advisory War Council in Australia, upon which are representatives not only of the Government but also of the Opposition, when considering proposals for the establishment of a Far Eastern Council in London, with which it did not agree, recommended:

"That the Accredited Representative of the Australian Government shall have the right to be heard in the War Cabinet in the formulation and direction of policy."

The Prime Minister of the United Kingdom replied to Australia's request indicating acceptance and stating that

"The fullest opportunity for knowing all essential facts and putting forward suggestions and views will be afforded to Sir Earle Page"

who had been nominated by Australia as their Accredited Representative.

Early in 1942, Mr. Bruce, the Australian High Commissioner in London, succeeded Sir Earle Page as the Accredited Representative, and has continued to act in this capacity ever since.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

This system of an Accredited Representative has worked reasonably well, but this in considerable measure has been due to advantages which Mr. Bruce enjoyed. He was Prime Minister of Australia for nearly seven years, and at the outbreak of the war had been resident in London as High Commissioner for some six years. The personal relations which he had been able to establish with British Ministers and with United Kingdom Departments has enabled him to carry out his duties as Accredited Representative in a way that would not have been possible to anyone who had not the close contacts here which Mr. Bruce enjoyed.

The system, however, is not an ideal one because the War Cabinet is not an Imperial War Cabinet but the United Kingdom War Cabinet responsible to the United Kingdom Parliament.

In carrying out its duties the Cabinet has to discuss and determine the United Kingdom attitude upon all questions of policy. Anyone with experience of Cabinet work knows that at times differences between Ministers arise, and it is certainly not desirable, and at times extremely embarrassing, to sort those differences out in the presence of an outsider, however discreet and understanding he might be.

In addition to these practical difficulties there is the fact that it is somewhat anomalous that there should be an Australian Representative in the War Cabinet when none of the other Dominions have

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223073

taken advantage of the invitation of the Prime Minister of the United Kingdom to appoint an Accredited Representative in the same way that Australia has done.

While I am loath to propose anything which would add to the tremendous burden which Mr. Churchill is bearing at the present time, I would like to make this suggestion for consideration.

It would be invaluable if the Prime Minister could find the time, notwithstanding his heavy and onerous responsibilities, to meet the High Commissioners and Secretary of State once a month. The object of these meetings would be for the Prime Minister to give a review of the current situation and problems, and to enable Dominion Representatives to raise any questions which they consider should be the subject of special consultation with the Dominions.

In addition to these advantages, such a meeting would give the Prime Minister of the United Kingdom a regular personal contact with the spokesmen from the Dominions and provide the opportunity of hearing at first hand of the problems of those countries.

The adoption of this suggestion, which would give to the Accredited Representative of the Australian Government a contact with the Prime Minister in association with his Dominion colleagues, has such advantages that I would prefer it to the present practice of the Accredited Representative of Australia sitting in isolation in the United Kingdom

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

War Cabinet. In short the Australian Representative would be the Accredited Representative to the War Cabinet and not the Accredited Representative in the War Cabinet, but he would continue to function in the same way as he has done in the past in regard to his detailed activities. Should the circumstances surrounding the consideration of any matter indicate the desirability of the Australian Accredited Representative attending a meeting of the United Kingdom War Cabinet, he would of course be able to do so in accordance with the principle already agreed to by the United Kingdom Government.

I feel that the monthly meeting of the Prime Minister with the Dominion Representatives would be another and a valuable link in the chain of Imperial consultation and co-operation.

2. IMPROVED MACHINERY FOR EMPIRE CO-OPERATION

I would now refer to certain proposals in a speech made by me last December, in which I outlined some ideas for improved machinery for Empire consultation and co-operation:-

(i) MEETINGS OF PRIME MINISTERS

The aim of all machinery must be to provide for full and continuous consultation. This consultation must be consistent with the sovereign control of its policy by each Government.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223075

No machinery which may be established can be superior to, or more satisfactory than the periodical conferences of Prime Ministers of the various parts of the Empire, provided they are held frequently. The Prime Ministers are the heads of their respective Governments, and no one else can speak with the same authority. There can be no substitute for conferences of Prime Ministers on questions of major Empire policy.

Difficulties, of course, will arise in arranging such meetings, owing to local circumstances in each part of the Empire, but in normal times, conferences should be possible at fairly frequent intervals. The place of meeting should not necessarily always be in London. Opportunity should be taken to meet in other parts of the Empire. Such a procedure would emphasise to the various parts of the Empire, the reality of the inter-relation of the Governments and people of the Empire in the same way that the King's representative in each Dominion and colony typifies their loyalty to a common Sovereign.

(ii) MEETINGS OF MINISTERS AND OFFICIALS

The meetings of Prime Ministers should be supplemented and reinforced by meetings of other Ministers of the British Commonwealth as occasion may require, to deal with important questions

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223076

of mutual interest, such as trade and communications. Again, such conferences need not necessarily be held always in the one place.

There should also be meetings at the official level between officers from the various parts of the Empire to deal with technical matters or to carry out exploratory discussions with a view to their subsequent consideration by Governments.

The meetings of Ministers and officials should be summoned as occasion may require and at the most appropriate or convenient place of meeting.

(iii) PROCEDURE BETWEEN CONFERENCES OF PRIME MINISTERS.

The procedure to be followed in London between conferences of Prime Ministers would therefore be:-

(a) The monthly meetings of the Prime Minister of the United Kingdom and Dominion Representatives, as suggested earlier.

(b) The regular daily meeting of the Secretary of State for Dominion Affairs and all the High Commissioners.

There is also the ordinary day to day machinery for dealing with the three major

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

groups of important questions comprising Foreign Affairs, Defence and Financial, Economic and Social questions.

(1) Foreign Affairs. The External Affairs staffs in the respective High Commissioner's Office are in close contact with the Foreign Office. Each Dominion will create such machinery and employ such methods as appear desirable in the light of its own circumstances.

(2) Defence. All the Dominions have their Service representatives in the United Kingdom. The position of the individual Dominions varies so greatly that it would seem desirable to avoid attempting to establish a uniform system of co-operation. The essential thing is that there should be agreement to co-operate, not only between the United Kingdom and the Dominions, but between the individual Dominions.

(3) Financial, Economic and Social Questions. During the war there has been a great expansion of co-operation in regard to financial, economic and social questions. It is desirable that this co-operation should be maintained and increased. This will happen as a result of the contacts established during the war, provided the Empire Governments accept the principle and so instruct their officials.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223078

(iv) EXAMINATION OF DESIRABILITY OF CENTRALIZATION OF EFFORT.

It is suggested that so much individual co-operation has now been established that it would seem that the time is approaching when a start might be made in bringing it under a central direction.

As the term "Empire Secretariat" appears to arouse a certain anxiety, and is liable to create misunderstandings, I do not employ it.

I would suggest, however, that the question should be examined as to whether some centralisation of effort would be desirable.

Such an examination could be carried out by a small Committee to which the United Kingdom and each of the Dominions would appoint representatives.

3. THE IMPORTANCE OF POST-WAR CO-OPERATION IN EMPIRE DEFENCE

The preservation of peace is vital to the re-building of the post-war world which is held out to mankind as the recompense for the sacrifices it is being called upon to make.

We hope to be able to maintain peace by the system of world security which it is our aim to build. Our own experience within the British Commonwealth has shown that the growth of co-operation has been slow

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223079

notwithstanding that we have so much in common. It remains to be seen how quickly and effectively we can develop and maintain a system of world security, but we dare not fail our own people in providing the security for which they so greatly yearn. In doing so by co-operation amongst ourselves we also contribute to world security at large The one is complementary to the other.

I would refer to three points which I mentioned at an earlier session of the Conference.

I said that the security of any part of the British Empire in the future will rest on three safeguards, each wider in its scope than the other:-

(i) Firstly, there is national defence, the Policy for which is purely the responsibility of the Government concerned. The extent and nature of a Government's Defence Policy will be influenced by the degree of reliance that can be placed on the second and third safeguards.

(ii) The second safeguard is the degree of Empire co-operation which can be established. This is a matter of bilateral or multilateral planning and arrangement according to the strategical position of the particular part of the Empire concerned, the views of its Government and those of the other Governments that may be concerned.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223080

(iii) The third safeguard is the system of collective security which can be organised on a world and regional basis.

These safeguards are also complementary to each other and none is exclusive of the others.

The need for the co-ordination of Defence Policies for the exchange of information, and for the preparation of plans to ensure the effectiveness of the first two of these safeguards - National Defence and Empire Co-operation - was fully demonstrated by the experience of Australia in this war.

In December 1941 an important decision was taken on global strategy which provided for the defeat of Germany first. Information of this was not learnt by the Australian Government until May 1942, notwithstanding that Singapore had fallen in the previous February, that the Malay - Netherlands East Indies barrier had crumbled, and that the Japanese had advanced to our very doorstep in New Guinea and the Solomon Islands.

On the assumption of the validity of a scheme of Empire Defence on which Australia's Defence Policy had been based, the Government of the day had concentrated on the maximum contribution it could make to the fighting fronts overseas. Three Divisions with a strength of 101,000 men and over 10,000 air personnel were overseas

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223081

on the outbreak of war with Japan. It therefore became a matter of critical importance to marshal the maximum strength of which we were capable, in order to meet an entirely transformed position in the Pacific Ocean. Part of the A.I.F. returned just in the nick of time. These troops were almost immediately sent to New Guinea without being retrained in jungle warfare, and the threat of invasion was removed by the first New Guinea campaign.

The defence of the Southwest Pacific must be made stronger than in the past. I stated the summarized problem of the regional defence of the Southwest Pacific as follows at the Australian-New Zealand Conference in January last and my views were fully endorsed by the Prime Minister of New Zealand:-

> "The fundamental concept of the Australian Government is that the best defence of Australia and New Zealand is to be secured by a system of defence based on the island screen to the north of these Dominions.
>
> The purpose of such a scheme of defence is to preserve the strategical isolation of Australia and New Zealand, whose security is linked with that of the adjacent islands. In the hands of ourselves or a friendly Power and adequately defended, they are a bulwark to the defence of Australia and New Zealand and points of offensive action against an enemy. In

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223082

possession of an enemy, they are spring-boards for offensive action against our mainlands.

The realisation of the ideal strategical concept involves the following important considerations:-

The strategical location of the bases.

The strength of the Dominion Forces available for their defence, and the assistance that will be forthcoming from other parts of the Empire and other Nations in any system of Empire and International Co-operation.

It is vital that the forward bases should be located where their maintenance can be ensured. They should not be capable of being by-passed, neutralised and ultimately occupied.

The holding of the island screen means sea power, air power and garrisons with installation facilities, such as docks, aerodromes and defences.

The local defence of the mainlands of Australia and New Zealand entails similar demands.

The crux of the situation is the extent of the capacity of Australia and New Zealand to provide for the defence of the screen and, at the same time, for the local defence of their territories. It is impracticable for Australia and New Zealand to defend the area unaided.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223083

In regard to sea power, it is necessary, in order to combat a potential enemy such as Japan, to have a base in a suitable strategical position (such as Singapore), and a fleet which can ensure a command of the sea in the Southwest Pacific Area, apart from the maintenance of overseas communications to this Area.

Australia and New Zealand cannot provide a fleet and equip a base on a parallel of what was contemplated in regard to Singapore as the bastion of the defence of British interests in the Pacific. Co-operation with the United Kingdom is therefore essential. If the base should fall and the fleet should fail to come, as happened with Singapore, the defence of the whole screen collapses and the outlying island bases with their garrisons become hostages to fortune. A power with command of the sea and air could readily subdue them. This was what happened in Timor, Ambon and Rabaul. In such circumstances, the mainlands of Australia and New Zealand become wide open to attack.

The defence of the screen involves co-operation with the United Kingdom and with foreign powers such as the Netherlands (for the Netherlands East Indies and Dutch Timor), Portugal (for Portuguese Timor), the United States (for American possessions in the Southwest Pacific), and France (for New Caledonia, the New Hebrides and other Pacific islands)."

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223084

While Australia is quite ready to play its part in a world organization along the lines mentioned, it is nevertheless a fact of current experience, that, when the peace of the Pacific is broken, Australia's war effort must be concentrated in that area. In the opinion of the Australian Government, it is essential that plans should exist between the parts of the Empire concerned, and also between the other nations concerned, for their co-operation for mutual defence in the strategical area which I have outlined The Australian people have recently faced the stark realism of a perilous situation. They are determined that everything possible shall be done to prevent a recurrence of a similar danger.

15th May, [illegible]

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Sfam

C223085

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

[CYPHER]

WAR CABINET DISTRIBUTION

FROM TANGIER TO FOREIGN OFFICE

Mr. Gascoigne
No. 183
15th May, 1944.

D. 4.24 p.m. GMT 15th May, 1944.
R. 7.40 p.m. DBST 15th May, 1944.

Repeated to Madrid No. 157
Tetuan Saving

SSSSS

MOST IMMEDIATE

My telegram No. 179 and your telegram No. 584 to Madrid.

During conversation which I held with the Spanish High Commissioner at Tetuan this morning I asked him whether he could give me any information concerning the closing of the German Consulate General at Tangier. General Orgaz gave me the following time table

a. Symbolic closure "some time this week".

b. Definite closure i.e. stoppage of functioning of the Consulate offices "within a fortnight from to-day".

c. Departure of personnel from Tangier "begins within a fortnight from to-day".

2. I asked Orgaz whether he could not give me precise dates but he regretted that that was impossible.

3. The above time table is of course vague and unsatisfactory and I foresee delay as regards implementation of (c) above but it should (if implemented) suffice to enable you not to delay loadings (May 21st) and it will I hope furnish sufficient information for Parliamentary Question to-morrow.

OTP

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Spain

C223085

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

[CYPHER]

WAR CABINET DISTRIBUTION

FROM TANGIER TO FOREIGN OFFICE

Mr. Gascoigne
No. 183
15th May, 1944.

D. 4.24 p.m. GMT 15th May, 1944.
R. 7.40 p.m. DBST 15th May, 1944.

Repeated to Madrid No. 157
Tetuan Saving

SSSSS

MOST IMMEDIATE

My telegram No. 179 and your telegram No. 584 to Madrid.

During conversation which I held with the Spanish High Commissioner at Tetuan this morning I asked him whether he could give me any information concerning the closing of the German Consulate General at Tangier. General Orgaz gave me the following time table

a. Symbolic closure "some time this week".

b. Definite closure i.e. stoppage of functioning of the Consulate offices "within a fortnight from to-day".

c. Departure of personnel from Tangier "begins within a fortnight from to-day".

2. I asked Orgaz whether he could not give me precise dates but he regretted that that was impossible.

3. The above time table is of course vague and unsatisfactory and I foresee delay as regards implementation of (c) above but it should (if implemented) suffice to enable you not to delay loadings (May 21st) and it will I hope furnish sufficient information for Parliamentary Question to-morrow.

OTP

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

SECRET.

C223086

Copy No. 3

P.M.M. (44) 9.

15*th May*, 1944.

MEETING OF PRIME MINISTERS.

DRAFT STATEMENT TO BE ISSUED OVER THE SIGNATURES OF THE FIVE PRIME MINISTERS.

WE, The King's Prime Ministers of the United Kingdom, Canada, Australia, New Zealand and South Africa, have now, for the first time since the outbreak of the war, been able to meet together to discuss common problems and future plans.

At this memorable meeting, in the fifty-seventh month of the war, we give thanks that we have been so far delivered from the dire perils which have menaced us in the course of this long and terrible struggle against tyranny. Though hard and bitter battles lie ahead, we now see before us, in the ever-growing might of the forces of the United Nations, and in the defeats already inflicted on the foe, by land, by sea and in the air, manifest tokens of our future victory.

On behalf of the peoples of our countries who have shown such bravery and endurance in this long conflict, we do honour to the great feats of arms of the forces of the United States and of Russia and pay tribute to the forces of the other nations joined with us as Allies. Above all, we are not unmindful of the valiant part played by our comrades in arms from countries overrun by the enemy.

Our first task has been to pass in review the plans for the conduct of the war against Germany and Japan. On all these we are agreed. We reaffirm the resolve, to which we have held since the days when the peoples of the British Commonwealth stood alone against Germany, to devote all our strength to the war until the defeat of our enemies is complete. We seek to bring this about at the earliest possible moment, so that the sufferings of mankind may be speedily brought to an end.

We have examined together the guiding principles which determine our foreign policies, and their application to current problems. Here also we have found ourselves in complete agreement. We are united in our determination to

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

continue in association with our Allies a policy, designed to give the fullest possible aid to the operations of the armed forces during the war, and thereafter to promote peaceful and orderly development.

In all our deliberations we have been sustained by a lively sense of our unity of purpose, which was never greater than to-day. That unity finds its strength, not in any formal bond, but in the hidden springs from which human action flows—our common heritage of ideals and loyalties, and our sense of kinship with one another. Our system of free association has enabled us, each and all, to take our full share of the common burden. The methods of democratic Government which we each enjoy have stood the test of two world wars. We believe that when peace returns these same methods, this same free association and this same unity of purpose, will be found capable of rendering further service to the cause of mankind.

We are resolved that the victory, which with our Allies we shall achieve, should carry with it a sense of hope and freedom for the world. We look forward to the day when we shall play our part in the restoration of liberty and national life in the countries now occupied by the enemy. It is our aim that the peoples of these countries shall be free to decide for themselves their future form of democratic Government.

Our object is to secure fair dealing and honest conduct between the nations of the world. We seek the collaboration of all peace-loving peoples, and we ask the help of all in the speedy destruction of tyranny wherever it raises its head. We seek no advantages for ourselves at the cost of others. We desire the welfare of all nations.

We look to the establishment after the war of a world organisation to maintain peace and security. This organisation must be endowed with the necessary power and authority to curb aggression.

The representatives of India at the War Cabinet and the Prime Minister of Southern Rhodesia have taken part in our deliberations. They share our confidence that, in this great field of endeavour, all the countries of the British Commonwealth and Empire will go forward together with untiring resolution.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

AMENDED DISTRIBUTION (16TH MAY 1944)

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

[CYPHER]

WAR CABINET DISTRIBUTION

FROM TANGIER TO FOREIGN OFFICE

Mr. Gascoigne D. 7.05 p.m. GMT. 15th May, 1944
No. 186
15th May, 1944 R. 10.20 p.m. DBST. 15th May, 1944

Repeated to Madrid telegram No. 120 and
Tetuan Saving

777 777

MOST IMMEDIATE

My telegram No. 179.

Head of the Spanish Diplomatic Cabinet has just confirmed that "symbolic" closure of [2 grps. omitted] will in fact take place tomorrow afternoon or evening May 16th and that orders had been given to that effect.

2. Your answer on this matter as set forth in your telegram No. 585 to Madrid would therefore be correct unless there are last minute alterations here.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Portugal

C223089

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[Cypher]. WAR CABINET DISTRIBUTION

FROM RIO DE JANEIRO TO FOREIGN OFFICE

Mr. Broadmead D. 7.58 p.m. 15th May, 1944.
No. 249
15th May, 1944. R. 3.25 a.m. 16th May, 1944.
Repeated to Washington and Lisbon. /////

IMMEDIATE

Your telegram No. 229.

TOP SECRET

As Minister for Foreign Affairs was unable to receive me to-day I saw Secretary-General. I told him we were hoping for further Brazilian support in the new proposals we were going to make and I, explaining, told him the general nature of the compromise which His Majesty's Government were proposing in order to avoid a deadlock and more especially in order to prevent large exports in immediately following month. Having in mind your telegram No. 704 to Lisbon, I added that there might be some final changes in detail but suggested that these could be ascertained in Lisbon. I then gave him in most general terms sense of message contained in your telegram No. 699 to Lisbon impressing on him the need for secrecy.

Secretary-General told me that he would submit for Minister for Foreign Affairs's approval brief telegram to Brazilian Ambassador instructing him to concert and support Sir R. Campbell in further measures. I will telegraph when approval is given.

I should perhaps explain with reference to paragraph 6 of your telegram No. 698 to Lisbon that, not having received Sir R. Campbell's telegram No. 832 to you and therefore not being certain of context I did not say anything about our preference for Portugal to honour alliance and come into the war. If you attach importance to Brazilian Government being aware of this point, which as I understand it is not a precise invitation but rather in the nature of a hint, I should be grateful for further instructions. In this event I think that the Brazilian Ambassador in Lisbon ought to be warned.

Foreign Office please repeat by immediate telegram to Lisbon.

[Repeated to Lisbon as Foreign Office telegram No. 708].

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

[CYPHER]

WAR CABINET DISTRIBUTION

FROM BEIRUT TO FOREIGN OFFICE

Sir E. Spears
No. 292

D. 8.40 a.m. GMT May 15th, 1944.
R. 11.00 a.m. DBST May 16th, 1944.

May 15th, 1944.

Repeated to M.E. Min (for Warner)
Resmin Med

b b b b

Following from His Majesty's Ambassador to Greece.

Secret

My telegrams Nos. 7, 8, 9 and 10.

Since opening of Conference has been deferred, I would suggest that publication of these messages be correspondingly delayed.

2. Full communiqué giving summary of M. Papandreou's opening speech will go to London direct from P.W.E. who will pass it to you.

[Copies sent to Major Howell]

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Argentina

C223091

SECRET

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

[The text of this telegram must first be paraphrased if communicated to persons outside British or United States Government service or if retransmitted in a cypher system other than O.T.P.]

[Cypher] WAR CABINET DISTRIBUTION

FROM BUENOS AIRES TO FOREIGN OFFICE

Sir D. Kelly.
No.522.

D. 9.13 p.m. 15th May, 1944.
R. 7.30 a.m. 16th May, 1944.

15th May, 1944.

Repeated to Washington,
Rio de Janeiro,
Montevideo Saving
Santiago Saving.

- - - -

Uruguayan Ambassador who is Doyen, and Nuncio have raised with United States Ambassador question of celebrations on May 25th. These include banquet, Te Deum and State performance at Opera, all traditionally attended by diplomatic body. Uruguayan Ambassador just returned from Uruguay said his President had taken for granted he would attend religious service, and United States Ambassador is of opinion that unless all attend religious service there is a danger of at least some South American representatives attending dinner and opera as well. He also feels (as apparently do all South American colleagues) that abstention from Te Deum would be regarded as national insult by the whole country. He has therefore arranged with the Nuncio that the latter will notify Heads of Missions that service will be held and will inform Argentine Government how many will attend. He himself is asking approval of State Department to attend [grp. undec. ? and I] told him I agreed and anticipated that in the circumstances you would also agree. Attendance at service is, of course, in practice more anomalous, but abstention would create much more serious difficulties. Belgian, Dutch and Norwegian Ministers whom I have informed of United States Ambassador's proposals are very strongly in agreement.

2. As regards five points suggested in paragraph 1 of Washington's telegram No.302, (a) (b) and (c) were practically promised to me by General Farrell and question is really one of publicity concerning (b) and (e). As regards (d) publication of statutory and proclaimed lists has never ceased in English language newspapers and we send 1,200 copies through post without interference, so that publication in purely Argentine papers should not be difficult to arrange. While (c) would be difficult to get thoroughly carried out, I think that an undertaking to give no further contracts to German firms would be quite possible if it were the only outstanding difficulty in the way of recognition.

....3.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

3. Under Secretary of State for Foreign Affairs visited United States Ambassador privately yesterday and after trying to persuade him to attend all three functions on May 25th suggested that he should meet Minister for Foreign Affairs, Colonel Peron, and Minister of Marine, who are the three Ministers most anxious for compromise. He thinks this would offer good opportunity for United States Ambassador to present workable proposals such as those enumerated in Washington telegram under reference, and he might at this moment put them across.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223093

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

[CYPHER]

WAR CABINET DISTRIBUTION

FROM BUENOS AIRES TO FOREIGN OFFICE

Sir D. Kelly
No. 523
15th May, 1944.

D. 9.15 p.m. 15th May, 1944.
R. 7.30 a.m. 16th May, 1944.

sssss

My immediately preceding telegram.

It is difficult to offer constructive appreciation of prospects of "tough mixture" (see paragraph 6 of Washington telegram under reference) as their programme appears limited to tough talk without any defined objective. They have had long innings already and results so far afford little [grp. undec.].

OTP

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223093

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

[CYPHER]

WAR CABINET DISTRIBUTION

FROM BUENOS AIRES TO FOREIGN OFFICE

Sir D. Kelly
No. 523
15th May, 1944.

D. 9.15 p.m. 15th May, 1944.
R. 7.30 a.m. 16th May, 1944.

sssss

My immediately preceding telegram.

It is difficult to offer constructive appreciation of prospects of "tough mixture" (see paragraph 6 of Washington telegram under reference) as their programme appears limited to tough talk without any defined objective. They have had long innings already and results so far afford little [grp. undec.].

OTP

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300.

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223094

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

[CYPHER]

WAR CABINET DISTRIBUTION

FROM ALGIERS (AMBASSADOR) TO FOREIGN OFFICE

Mr. Duff Cooper
No. 576 D. 11.21 p.m. 15th May, 1944
15th May, 1944 R. 2.00 a.m. 16th May, 1944

Repeated to Beirut and
M.E. Min

g g g g g

IMPORTANT

Your telegram No. 454.

I have made the necessary communication to the Commissioner for Foreign Affairs and I understand that the latter may announce similar appointment of Lebanese representative here on the same date.

[Copies sent to Mr. Wiltshire and Major Howell].

OTP.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223095

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

[CYPHER] WAR CABINET DISTRIBUTION

FROM MADRID TO FOREIGN OFFICE

Mr. Yencken D. 3.00 p.m. May 15, 1944
No. 761
R. 11.55 p.m. May 15, 1944
May 15, 1944

Repeated to: Tangier

& & &

MOST IMMEDIATE

Your telegram No. 586.

As pointed out in my telegram No. 747 the word "forthwith" was not included in the original draft sent to Sir S. Hoare in your telegram No. 469, relevant text of which read "The Spanish Government have undertaken to close the Consulate-General, and to arrange the departure of the Consul-General and all his staff".

Paragraph 3 of Sir S. Hoare's letter to the Minister for Foreign Affairs reads "the German Consulate-General at Tangier will be closed and the departure of the Consul-General and his staff from Spanish controlled territory and from Metropolitan Spain assured". The first sentence of the United States Ambassador's letter to the Minister for Foreign Affairs reads "The German Consulate-General at Tangier will be closed; and its personnel required to depart from Spanish or Spanish controlled territory".

The word "forthwith" appears to have been first introduced in your telegram No. 3,594, although the statement contained therein was described in your telegram No. 3,593 as following "the lines of the draft in your telegram No. 469, modified by Madrid telegram No. 625, etc." I fear that in the circumstances the addition was not detected.

I am convinced, and I think Sir S. Hoare will agree, that in any case, General Jordana was not in a position to agree to the word "forthwith" as we interpreted it. Please see in this connexion the latter half of paragraph 2 of Sir S. Hoare's telegram No. 327, and the penultimate sentence of paragraph 2 of his telegram No. 505.

As regards General Jordana's attitude referred to in your telegram No. 584, it is not so much solicitude for the Germans as difficulties in the Council of Ministers mentioned in.....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

in last paragraph of Sir S. Hoare's telegram No. 145 Saving. It is for this reason that I doubt whether he could have proceeded in another way, anyway in the first instance, than trying to arrange the Consulate affair in a dignified way with the Germans. He is convinced that His Majesty's Government would have done the same in similar circumstances and he considers that he acted "forthwith" in notifying the German Government the day after the agreement was made.

I am endeavouring as instructed to see him somewhere to-day though it is a festival, the Ministry is closed, and the Minister for Foreign Affairs out of town.

Please repeat to Washington as my telegram No. 206.

[Repeated to Washington as telegram No. 4303]

[OTP]

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PROCESS

C223097

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] WAR CABINET DISTRIBUTION.

FROM MADRID TO FOREIGN OFFICE.

Mr. Yencken.
No. 763.
15th May, 1944.

D. 5.37.p.m. 15th May, 1944. (G.M.T).
R. 9.0.p.m. 15th May, 1944. (D.B.S.T).

6 6 6 6 6

MOST IMMEDIATE.

United States Counsellor informed me this afternoon that American oil adviser had received a telegram [?grp.omit] Washington to the effect that Supplies Department had informed F.E.A. that no petroleum vessels available for Spanish loadings of 14,000 tons each arranged for June 1st and June 11th.As the tankers for these loadings had already left they would have to be recalled. In the circumstances the oil adviser would communicate the first date to the Spanish authorities but had been instructed not to communicate the second date until State Department had had time to consider the telegram United States Ambassador was sending.

In this telegram which Counsellor read out to me United States Ambassador points out that Spaniards will find it difficult to believe that supplies are really [sic] available and will regard this as a breach of agreement. Mr. H.A... adds that he is particularly anxious at this stage that nothing should happen which might lead the Spaniards to delay the closing of the German Consulate at Tangier and the departure of its personnel. He points out that the main undertaking of the American and British Governments in the agreement was the resumption of oil shipments, and deplores the effects which a failure to carry out[?grp.omtd] will have on the situation here. He thinks that if no supplies can be arranged the Spaniards should be allowed to ship the crude oil they have already bought to Cepsa Teneriffe for refining there.

There is an ominous sentence in the Washington telegram which suggests intention to keep the Spaniards down to total stocks on May 1st (see my telegram No. 571 Arfar) [grp.undec.? on][?grp.omtd]s that the Spaniard [?grp.omtd.?s]"were only able to hold out so long over the wolfram negotiations because of the two months stocks of oil they held." The move looks therefore like one by unrepentant subordinate officials in Washington to put further pressure on Spain.

I am.....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

I am sure you will agree[?grp.omtd] most undesirable that the American and British Governments should be the first to fail to carry out the agreement. If supplies really are short then it becomes a question of priorities. Spain under the agreement, which she cannot yet be said to have failed to implement, is entitled to some priority. Moreover a substantial proportion of the oil shipments in question are vital for the collection and distribution of the harvest. I trust therefore that it will be possible to obtain a reconsideration of this decision even if it is necessary to go to the highest level. I submit that owing to dates and considerations advanced above this question should be dealt with entirely separately from that of the Tangier Consulate as to which our case may be seriously prejudiced by this unilateral American action unless the decision is reversed.

Please repeat to Washington as my telegram No.207.

[Repeated to Washington as telegram No. 4302].

[OTP]

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223099

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on.]

[CYPHER] WAR CABINET DISTRIBUTION

FROM MADRID TO FOREIGN OFFICE

Mr. Yencken.
No. 764.
15th May, 1944.

D: 8.00 p.m. 15th May, 1944.
R: 6.35 a.m. 16th May, 1944.

Repeated to: Tangier.

@@@ @@@ @@@

IMMEDIATE

Your telegram No. 584.

United States Counsellor told me this morning that the State Department's attitude was not quite so definite on Tangier Consulate issue and he read me out a telegram to the effect that if closing of Consulate had not been completed when tankers arrived, United States Government would have to "reconsider the situation."

He has agreed in the absence of his Ambassador to support my representations to the Minister for Foreign Affairs when he will urge the necessity of complete liquidation of the whole question not later than this week.

Please repeat to Washington as my telegram No. 208.

[Repeated to Washington as telegram No. 4306.]

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223100

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] WAR CABINET DISTRIBUTION.

FROM MADRID TO FOREIGN OFFICE.

Mr. Yencken.
No. 765.
15th May, 1944.

D. 5.46 p.m. 15th May, 1944 GMT
R. 8.55 p.m. 15th May, 1944 DBST.

£ £ £ £ £ £ £

MOST IMMEDIATE.

My telegram No. 765.

No doubt you have already noticed June shipments include Remedios for 6,700 tons fuel oil and Zoroa [sic] 5,800 fuel oil both from Curaçao. As this source of oil is under British control, I suggest that these nominations should be confirmed irrespective of United States decision for Ar.... loadings. I am all the more inclined to take this suggestion which has been discussed with Berthoud as he assures me that there is at present a surplus of fuel oil at Curaçao.

Please repeat to Washington as my telegram No. 209.

[Repeated to Washington No. 4297].

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

SOIESSD

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

[CYPHER] DEPARTMENTAL (SECRET)

FROM MADRID TO FOREIGN OFFICE

Mr. Yencken
No. 768

May 15, 1944

D. 11.6 p.m. May 15, 1944 (GMT)

R. 1.45 a.m. May 16, 1944 (DBST)

& & &

MOST IMMEDIATE

My telegram No. 761.

I spoke to Minister for Foreign Affairs this evening on lines of your telegram No. 584 and let him read a translation of your proposed statement. He at once said it was very good and that he could not see what more was wanted but we could strengthen it if we wished by saying in the last sentence Japanese Assistant Military Attaché had been "ordered" to leave Tangier and rejoin his Embassy in Madrid.

When I explained that you felt that the statement would not be well received and had instructed me to urge him to provide you with something more definite he replied with some heat he had already made it clear to me that he could not do so and then launched into a tirade against people in England and United States who while he was doing his best and had accomplished a good deal to bring Spain, Great Britain and United States closer together, seemed only interested in attacking Spain. Again very bitterly he complained of the B.B.C. which he said, more than anything was making his task more difficult byrepeating every harmful report about Spain. These people were incorrigible and if he satisfied us now over the agreement they would seek other means of continuing their attacks.

I let him talk himself out and then tried many times and in many different ways to persuade him in his own interests and those of Spain to give me something more definite but to no avail. When I reverted to the importance of closing the Consulate and ensuring the departure of the German Consul and his staff before tankers arrived to load he said sharply that if loading were refused agreement would be broken and we should be back where we were in February. This would of course be a victory for the Germans. Finally I induced him to agree -

(a) that he would send instructions to the High Commissioner that when the German Consular shield and flag were taken down tomorrow all consular prerogatives including the use of cyphers were to cease -

(b).....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223102

(b) that I might say for your confidential information and not (repeat not) for use in the House of Commons he was convinced that the whole affair would be liquidated within a week.

I may say of this he seemed very confident but I could not induce him to be more definite.

Situation here is obviously very delicate and the repercussions on the [grp. undec:] of American action reported in my telegram No. 763 have yet to come and they will not [? grp. omtd: ? make] his position any easier. My impression and that of all the Embassy staff concerned is that liquidation is well on the way and that it would be unwise to risk a crisis by holding up the loadings if all German personnel have not departed on arrival of the tankers. In any case if the loadings are held up it is essential there should not (repeat not) be any publicity.

Please repeat to Tangier as my telegram No. 76 and to Washington as my telegram No. 210.

[Repeated to Tangier as Foreign Office telegram No. 104 and Washington No. 4305]

[OTP]

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223103

AMENDED DISTRIBUTION (16th May, 1944)

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on.]

[CYPHER] WAR CABINET DISTRIBUTION

FROM MADRID TO FOREIGN OFFICE

Mr. Yencken.
No. 768.
15th May, 1944.

D: 11.06 p.m. GMT 15th May, 1944.
R: 1.45 a.m.DBST 16th May, 1944.

@@@ @@@ @@@

MOST IMMEDIATE

My telegram No. 761.

I spoke to Minister for Foreign Affairs this evening on lines of your telegram No. 584 and let him read a translation of your proposed statement. He at once said it was very good and that he could not see what more was wanted but we could strengthen it if we wished by saying in the last sentence Japanese Assistant Military Attaché had been "ordered" to leave Tangier and rejoin his Embassy in Madrid.

When I explained that you felt that the statement would not be well received and had instructed me to urge him to provide you with something more definite he replied with some heat he had already made it clear to me that he could not do so and then launched into a tirade against people in England and United States who while he was doing his best and had accomplished a good deal to bring Spain, Great Britain and United States closer together, seemed only interested in attacking Spain. Again very bitterly he complained of the B.B.C. which he said, more than anything was making his task more difficult by repeating every harmful report about Spain. These people were incorrigible and if he satisfied us now over the agreement they would seek other means of continuing their attacks.

I let him talk himself out and then tried many times and in many different ways to persuade him in his own interests and those of Spain to give me something more definite but to no avail. When I reverted to the importance of closing the Consulate and ensuring the departure of the German Consul and his staff before tankers arrived to load he said sharply that if loading were refused agreement would be broken and we should be back where we were in February. This would of course be a victory for the Germans. Finally I induced him to agree -

(a) that he would send instructions to the High Commissioner that when the German Consular shield and flag were taken down tomorrow all consular prerogatives including the use of cyphers were to cease -

/ (b).....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C016332

(b) that I might say for your confidential information and not (repeat not) for use in the House of Commons he was convinced that the whole affair would be liquidated within a week.

I may say of this he seemed very confident but I could not induce him to be more definite.

Situation here is obviously very delicate and the repercussions on the [grp.undec:] of American action reported in my telegram No. 763 have yet to come and they will not [? grp. omtd: ? make] his position any easier. My impression and that of all the Embassy staff concerned is that liquidation is well on the way and that it would be unwise to risk a crisis by holding up the loadings if all German personnel have not departed on arrival of the tankers. In any case if the loadings are held up it is essential there should not (repeat not) be any publicity.

Please repeat to Tangier as my telegram No. 76 and to Washington as my telegram No. 210.

[Repeated to Tangier as Foreign Office telegram No. 104 and Washington No. 4305].

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Bulgaria

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

C223105

[EN CLAIR] POLITICAL DISTRIBUTION.

FROM MOSCOW TO FOREIGN OFFICE.

Sir A. Clark Kerr.
No. 1273.
15th May, 1944.

D. 2.24 p.m. 15th May, 1944.
R. 8.05 p.m. 15th May, 1944.

ZZZ ZZZ ZZZ

Moscow newspapers of May 13th publish Tass message from Istanbul (Constantinople) announcing general mobilisation in Bulgaria. Mobilisation was result of agreement between Hitler and Regents. According to Tass message from New York observers say object of mobilisation is to equalise forces in view of recent arrival in Bulgaria of six German divisions.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

U.S.S.R

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

C223106

[EN CLAIR] POLITICAL DISTRIBUTION

FROM MOSCOW TO FOREIGN OFFICE

Sir A. Clark Kerr
No. 1277 A

May 15, 1944

D. 8.50 p.m.
May 15, 1944

R. 4.35 a.m.
May 16, 1944

& & &

Moscow newspapers May 13th announce E Frugoni Minister of Uruguay to U.S.S.R. presented letter credence to President Kalinin at the Kremlin 12th May.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

C223107

[EN CLAIR]. POLITICAL DISTRIBUTION.

FROM MOSCOW TO FOREIGN OFFICE.

Sir A. Clark Kerr. D. 2.25 p.m. May 15th, 1944.
No. 1272.
May 15th, 1944. R. 7.40 p.m. May 15th, 1944.

yyyyy

Pravda May 13th publishes Tass message from New York quoting from financial columns of the "New York Times", article on coming meeting of Bank of International settlements. According to recent article by Trachtenberg in War and the Working Class Axis countries control over 70% of Bank's capital in banking circles dispute Trachtenberg's statement that financial circles are collaborating with Axis but newspaper P.M.is quoted saying that it is incredible that Allied Bankers should sit at the same table with Germans and Japanese when Anglo-American youth is preparing for invasion of Europe.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

C223108

[EN CLAIR] POLITICAL DISTRIBUTION

FROM MOSCOW TO FOREIGN OFFICE

Sir A. Clark Kerr
No. 1274.
15th May, 1944.

D. 8.52 p.m. 15th May, 1944.
R. 5.00 a.m. 16th May, 1944.

[ ] [ ] [ ] [ ]

Izvestia May 13th contains leader connected Allied statement addressed to Axis satellite countries published to-day all newspapers. Article emphasises inevitability of Hitler's defeat and that present policy of satellites only bolsters up German war machine. Satellites must choose between following Nazis to catastrophe or democratic countries to freedom.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

C223109

[En clair] POLITICAL DISTRIBUTION

FROM MOSCOW TO FOREIGN OFFICE

Sir A. Clark Kerr. D. 2.27 p.m. 15th May, 1944.
No.1276. R. 6.15 p.m. 15th May, 1944.
15th May, 1944.

- - - -

Red Star May 13th publishes article by N.Denisov on Allied bombing of Germany. Article describes how weight of attacks grown and zone activity widened. Writer divides targets into three groups: (1) Berlin with its industries, (2) German aircraft industry, (3) Various war production undertakings and railways in Germany and France. Operations against all three target groups described, and recognition given to successes achieved but scope of air operations, however great, cannot serve as substitute for Allied land operations impending from the west. Recent air operations have been preparation for invasion.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

C223110

[EN CLAIR] POLITICAL DISTRIBUTION

FROM MOSCOW TO FOREIGN OFFICE

Sir A. Clark Kerr
No. 1280.
15th May, 1944.

D. 8.50 p.m. 15th May, 1944.
R. 3.30 a.m. 16th May, 1944.

[ ] [ ] [ ]

Moscow newspapers May 14th publish Tass message from New York quoting Washington Post for criticism of reactionary Poles and Polish émigré Government who were trying disrupt United Nations. Poles were meddling in American home politics.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

C223111

[EN CLAIR]

POLITICAL DISTRIBUTION

FROM MOSCOW TO FOREIGN OFFICE

Sir A. Clark Kerr
No. 1281
15th May, 1944

D: 8. 54 p.m. 15th May, 1944
R: 7. 30 a.m. 16th May, 1944

p p p

Moscow newspapers May 14th publish Orlemanski's statement in press conference as reported by Associated Press regarding talks with Stalin. Orlemanski stated he visited Moscow not as representative Catholic Church or State Department but as private person to study Polish problem. He was not communist, he had remarkable news re Poland but it would be published later. He had asked Stalin whether it was permissable for Soviet Government pursue policy persecution and force against Catholic Church to which Stalin replied that as supporter of freedom of conscience and religion he did not consider such policy permissable and it was excluded. In reply to Orlemanski's question whether collaboration was possible with Pope in struggle against force and persecution of Catholic Church Stalin said it was possible. Stalin said he had no objection to publication these questions and answers.

—

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER]

WAR CABINET DISTRIBUTION

FROM BERNE TO FOREIGN OFFICE

Mr. Norton
No. 2134

15th May 1944

D. 7.40 p.m. 15th May 1944
R.12.25 a.m. 16th May 1944

n n n

Italian Minister has reported confidentially to his Government through the United States Legation here as follows:

Italian Chargé d'Affaires to Holy See reports recurring incidents between the Vatican and the Germans and Neo-Fascist authorities. The latest of importance was the arrest on May 1st of a Dutch priest on the stairs of Santa Maria Maggiore followed by an irruption of Neo-Fascist police into that extraterritorial building and subsequent protest by the Holy See.

Italian Royalist Chargé d'Affaires confirms widespread uneasiness in Rome and intensifed surveillance. Interest in the "open city" question is still strong and it is hinted that the situation might bring about revision of statute of the Vatican City.

Food situation is still bad and attempts of the Holy See to secure improvement seem to meet with great difficulties.

OTP

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Argentina

C223113

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] WAR CABINET DISTRIBUTION.

FROM WASHINGTON TO FOREIGN OFFICE.

Viscount Halifax. D. 11.30 a.m. 15th May, 1944.
No. 2534.
15th May, 1944. R. 6.55 p.m. 15th May, 1944.

3 3 3

IMPORTANT.

My telegram No. 302 [?gp. omitted: ?to Buenos Aires] paragraph 3.

Opposition prevailed, plan pigeon-holed.

(OTP)

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

A regulière

C223113

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] WAR CABINET DISTRIBUTION.

FROM WASHINGTON TO FOREIGN OFFICE.

Viscount Halifax. D. 11.30 a.m. 15th May, 1944.
No. 2534.
15th May, 1944. R. 6.55 p.m. 15th May, 1944.

3 3 3

IMPORTANT.

My telegram No. 302 [?gp. omitted: ?to Buenos Aires] paragraph 3.

Opposition prevailed, plan pigeon-holed.

(OTP)

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Food Conference

C223114

[CYPHER] SPECIAL(FOOD CONFERENCE.)

FROM WASHINGTON TO FOREIGN OFFICE.

Viscount Halifax.
No. 2535. D. 4.22 p.m. 15th May, 1944.
15th May, 1944. R. 11.18 p.m. 15th May, 1944.

zzz zzz zzz

IMMEDIATE.

Wheat.

Following from Twentyman.

Should be grateful for immediate instructions if you see any objection to proposal in paragraph 5 (b) of my telegram No. 2458. United States and Canada will probably agree to it in the immediate future and also to your last proposal, viz. paragraph 7 of your telegram No. 3271, which Australia has now accepted.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223115

[CYPHER] SPECIAL (FOOD CONFERENCE)

FROM WASHINGTON TO FOREIGN OFFICE

Viscount Halifax, D. 10.05 p.m. 15th May 1944
No. 2553
15th May 1944 R. 5.25 a.m. 16th May 1944

IMMEDIATE

NOISE.

Following from Twentyman.

Your telegram No. 4226.

They are additional. Hope to send suggestions tomorrow.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223116

(THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT)

S E C R E T

COPY NO. 4

P.M.M.(44) 15th Meeting

MEETING OF PRIME MINISTERS

Prior to the Closing Meeting (the time of which has been postponed until 12.45 p.m.), a Meeting will be held in the Cabinet Room at 10 Downing Street, on Tuesday, the 16th May 1944, at 12 Noon

A G E N D U M

CONSIDERATION OF REVISED DRAFT STATEMENT

P.M.M.(44) 9 (Revise) - circulated herewith.

(Signed) E.E. BRIDGES
J.E. STEPHENSON

Joint Secretaries

Offices of the War Cabinet,
S.W.1,

15TH MAY 1944.

The following have been invited to attend:

United Kingdom

The Prime Minister and
Members of the United Kingdom
War Cabinet
Lord Cranborne
Colonel Oliver Stanley
Sir Archibald Sinclair

Canada

The Prime Minister
Mr N.A. Robertson

Commonwealth of Australia

The Prime Minister
Sir Frederick Shedden

New Zealand

The Prime Minister
Mr McIntosh

Union of South Africa

The Prime Minister
Mr Forsyth

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223117

(THIS DOCUMEHT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT)

S E C R E T

COPY NO. 4

P. M. M. (44) 16th Meeting

MEETING OF PRIME MINISTERS

The Closing Meeting will be held in the Cabinet Room at No. 10 Downing Street, on Tuesday, the 16th May 1944, at 12.45 p.m.

REVISED AGENDA

1. SIGNATURE OF STATEMENT

2. CLOSING SPEECHES

(Signed) E. E. BRIDGES
J. E. STEPHENSON

Joint Secretaries

Offices of the War Cabinet,
S.W.1,

15TH MAY 1944.

The following have been invited to attend:

United Kingdom

The Prime Minister and
Members of the United Kingdom
War Cabinet
Lord Cranborne
Lord Beaverbrook
Mr Amery
Colonel Oliver Stanley
Mr Alexander
Sir James Grigg
Sir Archibald Sinclair
Sir Stafford Cripps
Mr Bracken
Lord Cherwell
The United Kingdom
Chiefs of Staff
Sir R. V. N. Hopkins
Sir A. Cadogan
Sir E. Machtig

Canada

The Prime Minister
Mr Massey
Mr N. A. Robertson
General K. Stuart

Commonwealth of Australia

The Prime Minister
Mr Bruce
Sir Frederick Shedden
General Sir Thomas Blamey

New Zealand

The Prime Minister
Mr Jordan
Mr McIntosh
General Puttick

Union of South Africa

The Prime Minister
Colonel Reitz
Mr Forsyth

India

H. H. The Maharaja of Kashmir
Sir Firoz Khan Noon

Southern Rhodesia

The Prime Minister

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

War Aims set forth
16 May, 1944 C223118 Historic document
signed by P.M. of different
nations of Commonwealth

—

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223119

WE, The King's Prime Ministers of the United Kingdom, Canada, Australia, New Zealand and South Africa, have now, for the first time since the outbreak of the war, been able to meet together to discuss common problems and future plans. The representatives of India at the War Cabinet and the Prime Minister of Southern Rhodesia have joined in our deliberations and are united with us.

At this memorable meeting, in the fifth year of the war, we give thanks for deliverance from the worst perils which have menaced us in the course of this long and terrible struggle against tyranny. Though hard and bitter battles lie ahead, we now see before us, in the ever-growing might of the forces of the United Nations, and in the defeats already inflicted on the foe, by land, by sea and in the air, the sure presage of our future victory.

To all our Armed Forces who in many lands are preserving our liberties with their lives, and to the peoples of all our countries whose efforts, fortitude and conviction have sustained the struggle, we express our admiration and gratitude. We honour the famous deeds of the Forces of the United States and of Soviet Russia, and pay our tribute to the fighting tenacity of the many states and nations joined with us. We remember indeed the prolonged, stubborn resistance of China, the first to be attacked by the authors of world-aggression, and we rejoice in the unquenchable spirit of our comrades in every country still in the grip of the enemy. We shall not turn from the conflict till they are restored to freedom. Not one who marches with us shall be abandoned.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

We have examined the part which the British Empire and Commonwealth of Nations should bear against Germany and Japan, in harmony with our Allies. We are in cordial agreement with the general plans which have been laid before us. As in the days when we stood all alone against Germany, we affirm our inflexible and unwearying resolve to continue in the general war with the utmost of our strength until the defeat and downfall of our cruel, barbarous foes has been accomplished. We shall hold back nothing to reach the goal and bring to the speediest end the agony of mankind.

We have also examined together the principles which determine our foreign policies, and their application to current problems. Here too we are in complete agreement.

We are unitedly resolved to continue, shoulder to shoulder with our Allies, all needful exertions which will aid our Fleets, Armies and Air Forces during the war and thereafter to make sure of an enduring peace. We trust and pray that the victory, which will certainly be won, will carry with it a sense of hope and freedom for all the world. It is our aim that, when the storms and passions of war have passed away, all countries now overrun by the enemy shall be free to decide for themselves their future form of democratic government.

Mutual respect and honest conduct between nations is our chief desire. We are determined to work with all peace-loving peoples in order that tyranny and aggression shall be removed or, if need be, struck down wherever it raises its head. The peoples of the British Empire and Commonwealth of Nations willingly make their sacrifices to the common cause. We seek no advantages for ourselves at the cost of others. We desire the welfare and social advance of all nations and that they may help each other to better and broader days.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223121

We affirm that after the war a World Organization to maintain peace and security should be set up and endowed with the necessary power and authority to prevent aggression and violence.

In a world torn by strife, we have met here in unity. That unity finds its strength, not in any formal bond but in the hidden springs from which human action flows. We rejoice in our inheritance of loyalties and ideals, and proclaim our sense of kinship to one another. Our system of free association has enabled us, each and all, to claim a full share of the common burden. Although spread across the globe, we have stood together through the stresses of two World Wars, and have been welded the stronger thereby. We believe that when victory is won and peace returns, this same free association, this inherent unity of purpose, will make us able to do further service to mankind.

Winston S. Churchill

Prime Minister of the United Kingdom of Great Britain and Northern Ireland

W. L. Mackenzie King

Prime Minister of Canada

John Curtin

Prime Minister of the Commonwealth of Australia

Peter Fraser

Prime Minister of New Zealand

J. C. Smuts

Prime Minister of the Union of South Africa

16th May, 1944.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

DRAFT STATEMENT TO BE ISSUED OVER THE SIGNATURES OF THE FIVE PRIME MINISTERS.

We, the King's Prime Ministers of the United Kingdom, Canada, Australia, New Zealand and South Africa, have now, for the first time since the outbreak of the war, been able to meet together to discuss common problems and future plans.

At this memorable meeting, in the fifty-seventh month of the war, we give thanks that we have been so far delivered from the dire perils which have menaced us in the course of this long and terrible struggle against tyranny. Though hard and bitter battles lie ahead, we now see before us, in the ever-growing might of the forces of the United Nations, and in the defeats already inflicted on the foe by land, by sea and in the air, manifest tokens of our future victory.

On behalf of the peoples of our countries who have shown such bravery and endurance in this long conflict, we do honour to the great feats of arms of the forces of the United States and of Russia and pay tribute to the forces of the other nations joined with us as Allies. Above all, we are not unmindful of the valiant part played by our comrades ~~in arms~~ from countries over-run by the enemy.

II.

Our first task has been to pass in review the plans for the conduct of the war against Germany and Japan. ~~On all these we are agreed.~~ We reaffirm the resolve, to which we have held since the days when the peoples of the British Commonwealth stood alone against Germany, to devote all our strength to the war until the defeat of our enemies is complete. We seek to bring this about at the earliest

/possible

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

possible moment, so that the sufferings of mankind may be speedily brought to an end.

III

We have examined together the ~~guiding~~ principles which determine our foreign policies, and their application to current problems. Here also we ~~have found ourselves~~ are in complete agreement. We are united in our determination to continue in association with our Allies a policy designed to give the fullest possible aid to the operations of the armed forces during the war, and thereafter to promote peaceful ~~and~~ and solution and maintain orderly development.

IV

In all our deliberations we have been sustained by a lively sense of our unity of purpose, which was never greater than today. That unity finds its strength, not in any formal bond, but in the hidden springs from which human action flows - our common heritage of ideals and loyalties, and our sense of kinship with one another. Our system of free association has enabled us, each and all, to take our full share of the common burden. The methods of democratic Government which we each enjoy have stood the test of two world wars. We believe that when peace returns these same methods, this same free association and this same unity of purpose will be found capable of rendering further service to the cause of mankind.

V

We are resolved that the victory, which with our Allies we shall achieve, should carry with it a sense of hope and freedom for the world. We look forward to the day when we shall play our part in the restoration of liberty and national

/life

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

life in the countries now occupied by the enemy. It is our aim that the peoples of these countries shall be free to decide for themselves their future form of democratic Government.

Our object is to secure fair dealing and honest conduct between the nations of the world. We seek the collaboration of all peace loving peoples, and we ask the help of all in the speedy destruction of tyranny wherever it raises its head. We seek no advantages for ourselves at the cost of others. We desire the welfare of all nations.

VI

We look to the establishment after the war of a world organisation to maintain peace and security. This organisation must be endowed with the necessary power and authority to curb aggression.

VII

The representatives of India at the War Cabinet and the Prime Minister of Southern Rhodesia have taken part in our deliberations. They share our confidence that, in this great field of endeavour all the countries of the British Commonwealth and Empire will go forward together with untiring resolution.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223125

16th May 1944

Dear Mr Mackenzie King

Mr Churchill has recast the statement to meet the amendments and suggestions put forward at the Meeting on Monday afternoon.

.....

I enclose herewith two copies of the revised version.

As you will see from the revised Agenda, Mr Churchill is allowing time for discussion of the revised version, before the close Meeting.

Yours sincerely
E E Bridges

The Rt Hon W.L. Mackenzie King, M.P.,
Dorchester Hotel.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

SECRET. **Copy No.** 3

P.M.M. (44) 9. (Revise.) **C223126**

16th May, 1944.

MEETING OF PRIME MINISTERS.

DRAFT STATEMENT TO BE ISSUED OVER THE SIGNATURES OF THE FIVE PRIME MINISTERS.

WE, The King's Prime Ministers of the United Kingdom, Canada, Australia, New Zealand and South Africa, have now, for the first time since the outbreak of the war, been able to meet together to discuss common problems and future plans. The representatives of India at the War Cabinet and the Prime Minister of Southern Rhodesia have joined in our deliberations and are united with us.

At this memorable meeting, in the fifth year of the war, we give thanks for deliverance from the worst perils which have menaced us in the course of this long and terrible struggle against tyranny. Though hard and bitter battles lie ahead, we now see before us, in the ever-growing might of the forces of the United Nations, and in the defeats already inflicted on the foe, by land, by sea and in the air, the sure presage of our future victory.

To all our Armed Forces who in many lands are preserving our liberties with their lives, and to the peoples of all our countries whose fortitude and conviction have sustained the struggle, we express our admiration and gratitude. We honour the famous deeds of the Forces of the United States and of Soviet Russia, and pay our tribute to the fighting tenacity of the many states and nations joined with us. We remember indeed the prolonged, stubborn resistance of China, the first to be attacked by the authors of world-aggression, and we rejoice in the unquenchable spirit of our comrades in every country still in the grip of the enemy. We shall not turn from the furrow of toil and sorrow till they are restored to freedom. Not one who marches with us shall be abandoned.

We have examined attentively the part which the British Empire and Commonwealth of Nations should bear against Germany and Japan, in harmony with all our Allies. We are in cordial agreement with the general plans which have been laid before us. As in the days when we stood all alone against Germany, we affirm our inflexible and unwearying resolve to continue in the general war

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

with the utmost of our strength until the defeat and downfall of our cruel, barbarous foes has been accomplished. We shall hold back nothing to reach the goal and bring to the speediest end the agony of mankind.

We find ourselves in full agreement with the principles which have ruled our foreign policies in various theatres, and we give our approval to their application to varied and swiftly-moving situations. We are unitedly resolved to continue, hand in hand with our Allies, all needful exertions which will aid our Fleets, Armies and Air Forces during the war and thereafter to make sure of an enduring peace. We trust and pray that the victory, which will certainly be won, will carry with it a sense of hope and freedom for the world which shall not be denied in the end, even to those who have done us wrong. It is our aim that, when the storms and passions of war have passed away, all countries now overrun by the enemy shall be free to decide for themselves their future form of democratic government.

Mutual respect and honest conduct between the nations of the world is our chief desire. We are determined to work with all peace-loving peoples in order that tyranny and aggression shall be removed or, if need be, struck down wherever it raises its head. We gladly make our sacrifices to the common cause. We seek no advantages for ourselves at the cost of others. We desire the welfare of all nations and that they may help each other to advance into better and broader days.

We affirm that after the war a World Organization to maintain peace and security should be set up and endowed with the necessary power and authority to curb and control aggression.

In a world torn by strife we have met here in unity. That unity finds its strength, not in any formal bond but in the hidden springs from which human action flows. We rejoice in our inheritance of loyalties and ideals, and proclaim our sense of kinship to one another. Our system of free association has enabled us, each and all, to claim a full share of the common burden. Although spread across the globe, we have stood together through the stresses of two World Wars, and have been welded the stronger thereby. We believe that when victory is won and peace returns, this same free association, this inherent unity of purpose, will make us able to do further service to mankind.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223128

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

SECRET. **Copy No.** 4

P.M.M. (44) 9. (Revise.)
16*th May*, 1944.

MEETING OF PRIME MINISTERS.

DRAFT STATEMENT TO BE ISSUED OVER THE SIGNATURES OF THE FIVE PRIME MINISTERS.

WE, The King's Prime Ministers of the United Kingdom, Canada, Australia, New Zealand and South Africa, have now, for the first time since the outbreak of the war, been able to meet together to discuss common problems and future plans. The representatives of India at the War Cabinet and the Prime Minister of Southern Rhodesia have joined in our deliberations and are united with us.

At this memorable meeting, in the fifth year of the war, we give thanks for deliverance from the worst perils which have menaced us in the course of this long and terrible struggle against tyranny. Though hard and bitter battles lie ahead, we now see before us, in the ever-growing might of the forces of the United Nations, and in the defeats already inflicted on the foe, by land, by sea and in the air, the sure presage of our future victory.

To all our Armed Forces who in many lands are preserving our liberties with their lives, and to the peoples of all our countries whose fortitude and conviction have sustained the struggle, we express our admiration and gratitude. We honour the famous deeds of the Forces of the United States and of Soviet Russia, and pay our tribute to the fighting tenacity of the many states and nations joined with us. We remember indeed the prolonged, stubborn resistance of China, the first to be attacked by the authors of world-aggression, and we rejoice in the unquenchable spirit of our comrades in every country still in the grip of the enemy. We shall not turn from the furrow of toil and sorrow till they are restored to freedom. Not one who marches with us shall be abandoned.

We have examined attentively the part which the British Empire and Commonwealth of Nations should bear against Germany and Japan, in harmony with all our Allies. We are in cordial agreement with the general plans which have been laid before us. As in the days when we stood all alone against Germany, we affirm our inflexible and unwearying resolve to continue in the general war

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223120

with the utmost of our strength until the defeat and downfall of our cruel, barbarous foes has been accomplished. We shall hold back nothing to reach the goal and bring to the speediest end the agony of mankind.

We find ourselves in full agreement with the principles which have ruled our foreign policies in various theatres, and we give our approval to their application to varied and swiftly-moving situations. We are unitedly resolved to continue, hand in hand with our Allies, all needful exertions which will aid our Fleets, Armies and Air Forces during the war and thereafter to make sure of an enduring peace. We trust and pray that the victory, which will certainly be won, will carry with it a sense of hope and freedom for the world which shall not be denied in the end, even to those who have done us wrong. It is our aim that, when the storms and passions of war have passed away, all countries now overrun by the enemy shall be free to decide for themselves their future form of democratic government.

Mutual respect and honest conduct between the nations of the world is our chief desire. We are determined to work with all peace-loving peoples in order that tyranny and aggression shall be removed or, if need be, struck down wherever it raises its head. We gladly make our sacrifices to the common cause. We seek no advantages for ourselves at the cost of others. We desire the welfare of all nations and that they may help each other to advance into better and broader days.

We affirm that after the war a World Organization to maintain peace and security should be set up and endowed with the necessary power and authority to curb and control aggression.

In a world torn by strife we have met here in unity. That unity finds its strength, not in any formal bond but in the hidden springs from which human action flows. We rejoice in our inheritance of loyalties and ideals, and proclaim our sense of kinship to one another. Our system of free association has enabled us, each and all, to claim a full share of the common burden. Although spread across the globe, we have stood together through the stresses of two World Wars, and have been welded the stronger thereby. We believe that when victory is won and peace returns, this same free association, this inherent unity of purpose, will make us able to do further service to mankind.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT C223130

SECRET. **Copy No.** 5

P.M.M. (44) 9. (Revise.)
16*th May*, 1944.

MEETING OF PRIME MINISTERS.

DRAFT STATEMENT TO BE ISSUED OVER THE SIGNATURES OF THE FIVE PRIME MINISTERS.

WE, The King's Prime Ministers of the United Kingdom, Canada, Australia, New Zealand and South Africa, have now, for the first time since the outbreak of the war, been able to meet together to discuss common problems and future plans. The representatives of India at the War Cabinet and the Prime Minister of Southern Rhodesia have joined in our deliberations and are united with us.

At this memorable meeting, in the fifth year of the war, we give thanks for deliverance from the worst perils which have menaced us in the course of this long and terrible struggle against tyranny. Though hard and bitter battles lie ahead, we now see before us, in the ever-growing might of the forces of the United Nations, and in the defeats already inflicted on the foe, by land, by sea and in the air, the sure presage of our future victory.

To all our Armed Forces who in many lands are preserving our liberties with their lives, and to the peoples of all our countries whose fortitude and conviction have sustained the struggle, we express our admiration and gratitude. We honour the famous deeds of the Forces of the United States and of Soviet Russia, and pay our tribute to the fighting tenacity of the many states and nations joined with us. We remember indeed the prolonged, stubborn resistance of China, the first to be attacked by the authors of world-aggression, and we rejoice in the unquenchable spirit of our comrades in every country still in the grip of the enemy. We shall not turn from ~~the furrow of toil and sorrow~~ till they are restored to freedom. Not one who marches with us shall be abandoned.

We have examined ~~attentively~~ the part which the British Empire and Commonwealth of Nations should bear against Germany and Japan, in harmony with ~~all~~ our Allies. We are in cordial agreement with the general plans which have been laid before us. As in the days when we stood all alone against Germany, we affirm our inflexible and unwearying resolve to continue in the general war

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

with the utmost of our strength until the defeat and downfall of our cruel, barbarous foes has been accomplished. We shall hold back nothing to reach the goal and bring to the speediest end the agony of mankind.

We find ourselves in full agreement with the principles which have ruled our foreign policies in various theatres, and we give our approval to their application to varied and swiftly-moving situations. We are unitedly resolved to continue, hand in hand with our Allies, all needful exertions which will aid our Fleets, Armies and Air Forces during the war and thereafter to make sure of an enduring peace. We trust and pray that the victory, which will certainly be won, will carry with it a sense of hope and freedom for the world which shall not be denied in the end, even to those who have done us wrong. It is our aim that, when the storms and passions of war have passed away, all countries now overrun by the enemy shall be free to decide for themselves their future form of democratic government.

Mutual respect and honest conduct between the nations of the world is our chief desire. We are determined to work with all peace-loving peoples in order that tyranny and aggression shall be removed or, if need be, struck down wherever it raises its head. We gladly make our sacrifices to the common cause. We seek no advantages for ourselves at the cost of others. We desire the welfare of all nations and that they may help each other to advance into better and broader days.

We affirm that after the war a World Organization to maintain peace and security should be set up and endowed with the necessary power and authority to curb and control aggression.

In a world torn by strife we have met here in unity. That unity finds its strength, not in any formal bond but in the hidden springs from which human action flows. We rejoice in our inheritance of loyalties and ideals, and proclaim our sense of kinship to one another. Our system of free association has enabled us, each and all, to claim a full share of the common burden. Although spread across the globe, we have stood together through the stresses of two World Wars, and have been welded the stronger thereby. We believe that when victory is won and peace returns, this same free association, this inherent unity of purpose, will make us able to do further service to mankind.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223132

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

SECRET. **Copy No.** 6

P.M.M. (44) 9. (Revise.)

16*th May*, 1944.

MEETING OF PRIME MINISTERS.

DRAFT STATEMENT TO BE ISSUED OVER THE SIGNATURES OF THE FIVE PRIME MINISTERS.

WE, The King's Prime Ministers of the United Kingdom, Canada, Australia, New Zealand and South Africa, have now, for the first time since the outbreak of the war, been able to meet together to discuss common problems and future plans. The representatives of India at the War Cabinet and the Prime Minister of Southern Rhodesia have joined in our deliberations and are united with us.

At this memorable meeting, in the fifth year of the war, we give thanks for deliverance from the worst perils which have menaced us in the course of this long and terrible struggle against tyranny. Though hard and bitter battles lie ahead, we now see before us, in the ever-growing might of the forces of the United Nations, and in the defeats already inflicted on the foe, by land, by sea and in the air, the sure presage of our future victory.

To all our Armed Forces who in many lands are preserving our liberties with their lives, and to the peoples of all our countries whose fortitude and conviction have sustained the struggle, we express our admiration and gratitude. We honour the famous deeds of the Forces of the United States and of Soviet Russia, and pay our tribute to the fighting tenacity of the many states and nations joined with us. We remember indeed the prolonged, stubborn resistance of China, the first to be attacked by the authors of world-aggression, and we rejoice in the unquenchable spirit of our comrades in every country still in the grip of the enemy. We shall not turn from the furrow of toil and sorrow till they are restored to freedom. Not one who marches with us shall be abandoned.

We have examined attentively the part which the British Empire and Commonwealth of Nations should bear against Germany and Japan, in harmony with all our Allies. We are in cordial agreement with the general plans which have been laid before us. As in the days when we stood all alone against Germany, we affirm our inflexible and unwearying resolve to continue in the general war

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223133

with the utmost of our strength until the defeat and downfall of our cruel, barbarous foes has been accomplished. We shall hold back nothing to reach the goal and bring to the speediest end the agony of mankind.

We find ourselves in full agreement with the principles which have ruled our foreign policies in various theatres, and we give our approval to their application to varied and swiftly-moving situations. We are unitedly resolved to continue, hand in hand with our Allies, all needful exertions which will aid our Fleets, Armies and Air Forces during the war and thereafter to make sure of an enduring peace. We trust and pray that the victory, which will certainly be won, will carry with it a sense of hope and freedom for the world which shall not be denied in the end, even to those who have done us wrong. It is our aim that, when the storms and passions of war have passed away, all countries now overrun by the enemy shall be free to decide for themselves their future form of democratic government.

Mutual respect and honest conduct between the nations of the world is our chief desire. We are determined to work with all peace-loving peoples in order that tyranny and aggression shall be removed or, if need be, struck down wherever it raises its head. We gladly make our sacrifices to the common cause. We seek no advantages for ourselves at the cost of others. We desire the welfare of all nations and that they may help each other to advance into better and broader days.

We affirm that after the war a World Organization to maintain peace and security should be set up and endowed with the necessary power and authority to curb and control aggression.

In a world torn by strife we have met here in unity. That unity finds its strength, not in any formal bond but in the hidden springs from which human action flows. We rejoice in our inheritance of loyalties and ideals, and proclaim our sense of kinship to one another. Our system of free association has enabled us, each and all, to claim a full share of the common burden. Although spread across the globe, we have stood together through the stresses of two World Wars, and have been welded the stronger thereby. We believe that when victory is won and peace returns, this same free association, this inherent unity of purpose, will make us able to do further service to mankind.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223134

WE, The King's Prime Ministers of the United Kingdom, Canada, Australia, New Zealand and South Africa, have now, for the first time since the outbreak of the war, been able to meet together to discuss common problems and future plans. The representatives of India at the War Cabinet and the Prime Minister of Southern Rhodesia have joined in our deliberations and are united with us.

At this memorable meeting, in the fifth year of the war, we give thanks for deliverance from the worst perils which have menaced us in the course of this long and terrible struggle against tyranny. Though hard and bitter battles lie ahead, we now see before us, in the ever-growing might of the forces of the United Nations, and in the defeats already inflicted on the foe, by land, by sea and in the air, the sure presage of our future victory.

To all our Armed Forces who in many lands are preserving our liberties with their lives, and to the peoples of all our countries whose fortitude and conviction have sustained the struggle, we express our admiration and gratitude. We honour the famous deeds of the Forces of the United States and of Soviet Russia, and pay our tribute to the fighting tenacity of the many states and nations joined with us. We remember indeed the prolonged, stubborn resistance of China, the first to be attacked by the authors of world-aggression, and we rejoice in the unquenchable spirit of our comrades in every country still in the grip of the enemy. We shall not turn from the furrow of toil and sorrow till they are restored to freedom. Not one who marches with us shall be abandoned.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223135

We have examined attentively the part which the British Empire and Commonwealth of Nations should bear against Germany and Japan, in harmony with all our Allies. We are in cordial agreement with the general plans which have been laid before us. As in the days when we stood all alone against Germany, we affirm our inflexible and unwearying resolve to continue in the general war with the utmost of our strength until the defeat and downfall of our cruel, barbarous foes has been accomplished. We shall hold back nothing to reach the goal and bring to the speediest end the agony of mankind.

We ~~find ourselves in full agreement with~~ the principles which ~~have ruled~~ our foreign policies ~~in various theatres~~, and ~~we give our approval to~~ their application to ~~varied and swiftly-moving situations~~. We are unitedly resolved to continue, ~~hand in hand~~ with our Allies, all needful exertions which will aid our Fleets, Armies and Air Forces during the war and thereafter to make sure of an enduring peace. We trust and pray that the victory, which will certainly be won, will carry with it a sense of hope and freedom for the world which shall not be denied in the end, even to those who have done us wrong. It is our aim that, when the storms and passions of war have passed away, all countries now overrun by the enemy shall be free to decide for themselves their future form of democratic government.

Mutual respect and honest conduct between the nations of the world is our chief desire. We are determined to work with all peace-loving peoples in order that tyranny and aggression shall be removed or, if need be, struck down wherever it raises its head. ~~We gladly~~ make ~~our~~ sacrifices to the common cause. We seek no advantages for ourselves at the cost of others. We desire the welfare of all nations and that they may help each other to advance into better and broader days.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223138

We affirm that after the war a World Organization to maintain peace and security should be set up and endowed with the necessary power and authority to ~~curb and control~~ prevent aggression and violence.

In a world torn by strife, we have met here in unity. That unity finds its strength, not in any formal bond but in the hidden springs from which human action flows. We rejoice in our inheritance of loyalties and ideals, and proclaim our sense of kinship to one another. Our system of free association has enabled us, each and all, to claim a full share of the common burden. Although spread across the globe, we have stood together through the stresses of two World Wars, and have been welded the stronger thereby. We believe that when victory is won and peace returns, this same free association, this inherent unity of purpose, will make us able to do further service to mankind.

Prime Minister of the United Kingdom of Great Britain and Northern Ireland

Prime Minister of Canada

Prime Minister of the Commonwealth of Australia

Prime Minister of New Zealand

Prime Minister of the Union of South Africa

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223137

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

Printed for the War Cabinet. May 1944.

The circulation of this paper has been strictly limited. It is issued for the personal use of Prime Minister of Canada (dup)

TOP SECRET. Copy No. 4

P.M.M. (44) 10.

16*th May*, 1944.

MEETING OF PRIME MINISTERS.

CONDUCT OF THE WAR AGAINST JAPAN.

NOTE BY THE JOINT SECRETARIES.

AT the request of Mr. Fraser, the attached Notes on New Zealand's war effort and future participation in the Pacific war are circulated for information and record.

(Signed) E. E. BRIDGES.
J. E. STEPHENSON.

Offices of the War Cabinet, S.W. 1,
16*th May*, 1944.

ANNEX.

NOTES ON NEW ZEALAND'S WAR EFFORT AND FUTURE PARTICIPATION IN PACIFIC WAR.

As a Pacific Power New Zealand is anxious to participate in the conduct of the war against Japan to the fullest extent. Participation is, however, conditioned by limitations of man-power and other resources and a new phase is developing in New Zealand's war effort.

The emphasis has shifted, so far as we are concerned, as a result of the growing and urgent demands for foodstuffs for Allied Forces in the Pacific and for the people of Britain.

We have had to choose in recent weeks between reducing our armed forces and producing food. We were anxious to do whatever was considered most necessary by those in control of global strategy and placed our problem before them. Following upon the advice of the United Kingdom and United States Chiefs-of-Staff 11,000 men will be withdrawn from our Pacific Division between now and next October for work on farms. This step has been taken with the greatest reluctance and only because there was no alternative. It by no means provides a final solution—it merely reflects the necessity for adapting New Zealand's war effort to changing circumstances.

For more than 4½ years New Zealand has been in the forefront of Allied Nations in making her manpower available to the armed forces, like all other nations at the expense of industry. This process can be carried no further and as already stressed it must now be reversed. With a population at the outbreak of war of 1,630,000, New Zealand has contributed fighting men to fullest extent of its resources. Of the total population 804,000 were males and of those the

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

COLOURED PAPER
PAPIER DE COULEUR

RELEASED

C223139

number between 18 and 45 was 355,000. The strength of the mobilised forces throughout the war, including full-time home defence, has been as follows:—

Date.	*Army.*	*Navy.*	*Air Force.*	*Total.*
Sept. 1939 ...	1,000	1,000	1,000	3,000
End 1940 ...	37,000	3,000	9,000	49,000
Nov. 1941 ...	60,000	5,000	15,000	80,000
Sept. 1942 ...	125,000	6,000	26,000	157,000
End 1943 ...	80,000	9,000	40,000	129,000

In addition to those in full-time military service, New Zealand mobilised a part-time Home Guard of 124,000 and enrolled a further 160,000 men in the Civil Defence organisation.

The total number at present withdrawn from industry for service in the armed forces amounts to 146,000. Of these 70,000 are overseas.

The total number sent overseas since the beginning of the war has been approximately 110,000.

The use to which New Zealand's man-power has been put may be summarised briefly as follows:—

Army.

(1) *Division in Europe.*—A division was provided and maintained in the Mediterranean war zone for almost four years. The record of this division needs no elaboration. It took part in the desert campaign in 1940; New Zealanders fired the first shots in Greece; they were in Crete; they were the spearhead of every North African campaign—they were on the Sangro front with the Eighth Army and they have been among the troops who have shared in the recent Cassino fighting.

(2) *Forces in the Pacific.*—Various garrison forces were provided for Pacific islands and one of these forces was later converted into a combat division, which fought successfully on Vella Lavella, Treasury and Green Islands.

(3) *Home Defence.*—Home Defence Forces comprising three divisions, along with substantial coast defence, anti-aircraft, and other fixed defences, were built up (and have since been reduced). The Home Guard (now disbanded) was organised and trained, overseas training camps, depots, &c., have been maintained.

The Air Force.

(1) *Empire Air Training Scheme and world-wide battlefronts.*—Right from the outset partially-trained personnel have been regularly supplied to the Empire Air Training Scheme. Over 7,000 air-crew personnel have been sent to Canada and 3,500 direct from New Zealand to United Kingdom. After training in Canada, New Zealand airmen are fighting under Royal Air Force control in England, in the Middle East, and in the Far East.

(2) *Pacific Air Force.*—At present New Zealand operates an Air Force of 14 squadrons mainly located in the Pacific Fighting zone, and is in process of expanding to 20 combat squadrons of which 14 will be located at a time in the forward areas.

(3) *Defence and Training in New Zealand.*—A great deal of initial and also final air force training is given in New Zealand. Defence activities, expanded to meet the Japanese threat, have been reduced.

The Navy.

(1) *Men for Royal Navy.*—Trained men have been supplied regularly to the Royal Navy since the outbreak of war (except for a period in 1942 during the main period of the Japanese threat).

(2) *Royal New Zealand Navy.*—Patrol, minesweeping and other activities have been maintained round the coasts of New Zealand and in the Pacific war zone. 9,000 men are serving in the Royal Navy and Royal New Zealand Navy.

Food Supplies.

(1) Foodstuffs have been supplied to Great Britain for the feeding of servicemen, war workers, and the civilian population (approximately 2½ million tons of meat and dairy produce so far).

(2) Foodstuffs have been supplied for the armed forces in the Middle East War zone.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

COLOURED PAPER
PAPIER DE COULEUR

(3) Foodstuffs (including meat, dairy products, fresh vegetables, &c.) have been supplied to the American and other forces in the Pacific War zone.

(4) Foodstuffs have been supplied to the New Zealand and Allied Forces, war workers and remaining civilian population in New Zealand.

Other Supplies and Services.

(1) We have equipped New Zealand personnel in the armed forces with uniforms, boots, blankets, and much miscellaneous equipment.

(2) Eastern Group Supply Council have been supplied with munitions, garments, radio equipment, and many other types of supplies.

(3) We have fulfilled the demands of the United States Joint Purchasing Board for timber, boots, batteries, garments, &c., in large quantities.

(4) Defence Construction. We have carried through a large programme of fixed defence emplacements, camps, aerodromes, stores, air-raid shelters, hospitals, &c., both in New Zealand and in the Pacific for use of New Zealand and Allied troops and civilians.

(5) Ship repairs, ship-building and jobbing services for the American forces in the Pacific zone.

(6) The New Zealand Merchant Navy.

(7) Rail and other transport and provision of facilities for New Zealand and American Forces located in New Zealand.

Civil Defence and Miscellaneous.

(1) Civil Defence Forces, Emergency Fire Service, Traffic Police, &c. (now inactive) were organised and equipped.

(2) Auxiliary Services, including Women's War Service Auxilary, Women's Land Army, and miscellaneous organisations were built up.

New Zealand's battle casualties, after long and active representation on the battlefronts, are extremely high and with the probable exception of Russia are the highest in proportion to population of the United Nations. The most recent estimate of New Zealand casualty figures, including Cassino, is as follows:—

Killed	7,300
Missing	1,850
Prisoners of War	7,300
Wounded	13,400
Total	29,850

We have strained our man-power resources to the limit to maintain these armed forces and are now faced with being unable at a critical time to increase production of food-stuffs in order to meet the continually growing demands of the United Kingdom and the United States Forces.

85,000 single men were eligible for military service: 75,000 have gone into the forces; only 10,000 have been retained in New Zealand and the majority of these are farmers or others connected with farming production.

The total male labour force of the Dominion at the outbreak of war was 520,000. At the end of 1943 it had been reduced to 406,000. The 27 per cent. increase in the number of women in employment (both men and women in New Zealand have been subject to compulsory direction into essential work) is some small compensation.

Over a year ago the last available age-groups were called up for military service, and the classes previously postponed from service have been combed. New Zealand cannot now maintain the flow of reinforcements to the overseas forces without seriously reducing her output of primary products. The man-power requirements of the Air Force and Navy take a higher priority than those of the Army, and their combined intakes will absorb the whole of the inflow of fit men at the youngest military age.

As a result, New Zealand has for some time been faced with the alternatives either of allowing both Divisions to remain in action, and to run down in strength, or of withdrawing man-power from one Division in order to maintain the other at full strength.

With the present urgent demands for increased food production, the whole man-power situation has had to be considered afresh.

Urgent representations were received from Great Britain, requesting the largest possible increase in New Zealand's contribution of food-stuffs (particularly meat, butter and cheese), in order to prevent further cuts in the already meagre

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

COLOURED PAPER
PAPIER DE COULEUR

rations of these foods available to the civilian population, including the war-time industrial labour force.

Heavy reductions in supplies of these foods, and particularly of butter and cheese, have occurred in the current year from each of the principal countries of supply.

In addition to urgent requests for increased supplies to Great Britain, there have been very large-scale demands from the United States Joint Purchasing Board for food-stuffs for the Forces which are continually massing in the Pacific. The latest estimate of demands is based on 500,000 men, and the requirements for 1944 contain such items as—

	Lb.
Canned meats	187,738,000
Fresh meats, offals, small-goods	183,280,000
Bacon and ham	18,504,000
Dairy products	138,927,500
Dehydrated vegetables	28,511,000
Canned vegetables	107,086,000
Fresh vegetables	274,474,000
Sauces, fats, &c.	11,432,000

The first three items shown in this table, when grouped together and converted to tons, amount to 173,900 tons. Even on a dressed weight basis, this would be equivalent to 33·4 per cent. of the total 1943–44 meat production of the Dominion. Actually, allowing for the difference in basis of measurement, the proportion is even higher. The fourth item similarly amounts to 62,000 tons, which, if converted to a butterfat basis, would form a similar and very substantial proportion of the total dairy production of the Dominion. These new demands are too large to be met from the present or prospective capacity of the Dominion. In so far as they are met, they will tend to take the form of a diversion of supplies away from the United Kingdom, rather than an increase in production in New Zealand.

New Zealand's capacity to produce food-stuffs when compared with the size of the labour force is probably higher than that of any other country. Throughout the war production figures have been at a high level, though the cumulative effects, principally of man-power losses (20,000 farm workers having gone into the armed forces) and fertiliser difficulties have now made themselves felt. A falling tendency in production, already evident for over two years in dairy products, is tending to spread to other farm industries.

Though meat products are 10 per cent. up on 1939, wool 13 per cent. and agricultural products 35 per cent. up, butterfat production is 12 per cent. down compared with 1939. 81,000 fewer cows (which represent 5 per cent. of the pre-war total) are being milked at the present time. The return of farm workers from one or other of the Divisions was therefore essential in order to arrest and reverse the present decline in food production and to prepare for the growing demands.

The disposal of New Zealand's production of food-stuffs is clearly indicated in the following table :—

—	Production.	To Civilian Use.	To Armed Forces (including U.S.A.).	To United Kingdom.
	Tons.	Tons.	Tons.	Tons.
Butter	122,500 to 127,500	21,000	11,500	90,000 to 95,000
Cheese	87,000 to 89,000	3,000	3,000	81,000 to 83,000
Processed milk	17,000	4,000	6,000	6,000
Meat	485,000	171,000	103,000	211,000

In other words we send to the United Kingdom and to the United Nations forces—particularly American—83 per cent. of our butter, 65 per cent. of our meat, 97 per cent. of our cheese and 74 per cent. of our milk. Consumption in New Zealand is, of course, fixed by rationing.

This, in brief, is the situation as has been carefully reviewed in the last three months. We were most anxious to make a decision which would fit in best with the global war effort and would, so far as lay in our power, help to bring the war to a successful conclusion at the earliest possible moment.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

COLOURED PAPER
PAPIER DE COULEUR

We made it clear to the Combined Chiefs of Staff that we were then, as at all times, prepared to accept the direction of those responsible for global strategy. The Combined Chiefs of Staff have advised us to make a temporary transfer from the 3rd (Pacific) Division to food production of the number of men required—namely, 11,000.* The 3rd Division was in any event due for withdrawal and rest in June next. Under the present plan it is proposed to retain the remainder of the forces—6,000 men—in New Caledonia as a cadre for a reorganised Pacific Division for 1945. The process of transfer of men from the Pacific to New Zealand is shortly to begin. The men will be placed on leave and they will remain under military control and will be liable for recall to active service at any time. This reorganisation is necessarily dependent upon withdrawal of the 2nd Division from Europe at a convenient date.

The reduction of 11,000 men represents only a small proportion of the total New Zealand forces serving on the world battlefronts. We will have a strong force in action on the ground, and our air force will continue to expand in the skies of Europe, in Asia and in the Pacific, and our naval forces will in no way be reduced in size or effort.

For the purposes of record the following statement has been prepared giving the background of New Zealand's war effort. This may be divided into three distinct phases.

The first phase began with the outbreak of war against Germany and lasted until the entry of Japan.

The second phase was the first year of the Japanese aggression, and the third covered the period from the stemming of the tide in the Pacific until the present. Now, with the Allied consolidation in the Pacific, New Zealand's war effort appears to be entering a fourth phase, marked chiefly by the new emphasis laid upon food production for the United Kingdom and for the United States Forces in the Pacific.

(i) *The First Phase.*

During this period, the major problems lay in the orderly diversion of man-power from industry to the armed forces in such a way as to avoid, on the one hand, interfering with important industries such as farming, coal mining, shipping, &c., yet, on the other hand, ensuring that the principles of universal service and equality of sacrifice were carried into effect.

Maintenance of key personnel and of important industries was instituted right from the very outset of recruiting, through the establishment of Man-power Committees and (later) Armed Forces Appeal Boards. The principle of universal service began to take full effect in 1940.

At this time the dominant factors of the war situation had been the collapse of France and the Battle of Britain. The paramount need lay in the despatch of troops overseas to save what might have been a world-wide disaster. This urgent call was felt right throughout New Zealand, and the whole spirit of the Dominion's war effort at that time reflected the strategic emergency of the British Commonwealth as a whole.

* The advice of the United Kingdom Chiefs of Staff, which had the endorsement of the United States Chiefs of Staff concerning the withdrawal of men from the 3rd Division was expressed in a memorandum of the 23rd February, 1944, in the following terms :—

> "Turning to the force of two brigade groups which has been taking part in operations in the Solomon Islands: apart from the fact that operations in this theatre are of secondary importance compared with those in which the New Zealand Division in Italy is engaged, it appears to us that, with the successful conclusion of the Solomon Islands campaign, the immediate need for the maintenance of this force may have diminished. The Pacific war is one in which the availability of land forces is not likely to be a governing factor. Moreover, the transference to New Zealand of these two brigade groups would present less of a shipping problem than any large-scale withdrawal from the Mediterranean, and could be carried out in the time available. Our conclusion, therefore, is that the immediate need for man-power for the production of meat and dairy produce should be met by the temporary withdrawal of the two New Zealand brigade groups engaged in the Solomon Islands. This would enable New Zealand to tide over the period when labour demands are at their highest, namely, from August to December. We may reasonably hope that developments in the European theatre will be such as to allow of the later withdrawal of part or all of the New Zealand Division in time enough to constitute a complete Division for further operations in the Pacific in 1945. We realise the importance which the New Zealand Government attaches to New Zealand forces playing their full part in the Pacific war. We suggest, however, that there will be ample scope for the employment there of a New Zealand Division in 1945, and that in the meanwhile New Zealand can be well represented in that theatre by her Navy and Air Force."

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

COLOURED PAPER
PAPIER DE COULEUR

By the end of 1940 49,000 volunteers and balloted men had been accepted by the Forces, this figure rising to 86,000 by the end of November 1941. Despite this withdrawal of manpower, the industries of the Dominion had so far succeeded in reorganising their manpower resources, through the substitution of women for men, the dilution of labour, the working of longer hours, the curtailment of non-essentials, and through an all-round increase of individual effort, that record over-all production was being achieved both in primary and secondary industries.

Year.	Primary Production.				Secondary Production.	
	Wool.	Meat.	Butterfat.	Crops.	Persons engaged.	Value of Production.
	Tons.	Tons.	Tons.	Acres.		£
1939–40	138,393	535,000	185,365	432,000	108,722	129,061,826
1940–41	147,991	515,000	200,365	475,000	113,999	147,153,559
1941–42	154,330	535,000	188,720	498,000	117,214	155,566,195

The Dominion's Armed Forces consisted at that time of :—

One division in the Middle East;
A Territorial Force subject to part-time training only;
Air and Naval Training establishments;
A voluntary Home Guard and other auxiliary organisations.

The outlook appeared to be fairly stable, and the tasks ahead, on the man-power front, appeared to lie mainly in the orderly and progressive redistribution of man-power, and the fuller mobilisation of woman-power and other unused labour reserves, so that essential production could be fully maintained or increased in spite of the continued steady withdrawal of men to the Forces.

(ii) *The Second Phase.*

The sudden entry of Japan into the war broke up the whole of this background.

The rapid progress southward of a formidable enemy threw a sudden emphasis on the organisation of the Dominion for defence against air raid and invasion. Compulsory universal service was introduced into the Emergency Reserve Corps and the Home Guard, women and unfit men entered the ranks of the Army and Territorial Force was mobilised on a full-time basis, and a rapid succession of ballots was held with the object of building up the Home Defence Forces to a level corresponding with the nature of the emergency.

Though all further supplies of man-power to the overseas forces were completely suspended for more than a year, this full-scale mobilisation for defence inevitably resulted in a very substantial withdrawal of man-power from industry. While married men were being drafted into camp in large numbers, single men previously held back from service were being released to the Forces. The importance of the national safety rose paramount above all other considerations, though even during this period a substantial number of fit men, such as coal-miners, locomotive drivers, defence construction workers, &c., as well as indispensable farm workers, had to be retained in their normal employments in order to maintain the industrial life of the community.

It was at this time that the system of industrial man-power control was thrown into operation, with important results in stabilising the labour position and ensuring a supply of workers to the highest priority work.

In order to safeguard the farming industries, an important step was also taken during mid-1942 to release substantial numbers of farm workers from camp, and approximately 8,000 men returned to the land.

Even after allowing for these releases, however, the numbers withdrawn from industry rose between November 1941 and September 1942 from 86,000 to 170,000, *i.e.*, to a figure of 10 per cent. of the population, or 29 per cent. of the males aged 15 to 64. At the same time more than 100,000 men were serving with the Home Guard, and an even greater number with the Emergency Precautions Services.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

COLOURED PAPER
PAPIER DE COULEUR

C223143

(iii) *The Third Phase.*

The transition from the period of emergency to the period of consolidation and readjustment came more gradually, and was more difficult to perceive and to recognise clearly when it came. Though the Japanese had been stemmed at Guadalcanal, there were still risks of naval disaster, and precautions continued to be necessary for some time after the southward drive of the invader had been checked.

During this period of strategic readjustment, a number of fundamental changes began to affect the industrial position of the Dominion.

Allied Forces, now massing in the Pacific, required food, timber, flax, ship-repair services and other supplies and services most readily obtainable from New Zealand, and men began to be taken out of the Home Defence Forces to assist in meeting these requirements. The seasonal upswing of the 1942–43 season in the Dominion's butter and cheese factories and freezing works had to be met by further drawing on the Army.

As the pressure of industrial factors increased, the needs of the strategic situation decreased, and by the end of 1942 it had become apparent that substantial reductions could be made in the Home Defence Forces.

A step had been taken during the period of crisis in the Pacific which contributed vitally to the success of the Allied Forces in Guadalcanal. This was the despatch of a substantial force into the South Pacific Area. This force was later located in New Caledonia and became the Pacific Division. Its provision by New Zealand may well have been a factor in turning the balance and hence enabled large-scale reductions to be made in the Home Defence Forces.

The implications of the new situation were diverse and complicated. The Middle East Division had been without reinforcements for more than a year, and needed men. The Air Force required men for the purposes of maintaining the Empire Air Training Scheme and for establishing a New Zealand Air Force in the Pacific (this being regarded as one of the best contributions to victory of which the Dominion was capable). The resources of the Royal Navy were stretched to the limit and a resumption of the flow of recruits from New Zealand was urgently requested. Each of the principal groups within the Dominion (including farming, saw-milling, construction, railways and many of the manufacturing industries) similarly pressed for a return of men from the forces, and it was clear that large numbers of men should be returned.

A man-by-man survey of the Home Defence Forces was made, and steps were taken to secure the return of men with those types of special skill for which there was an acute need in industry. Virtually all the tool-makers, pattern-makers, saw-doctors, bushmen, shoeing smiths, and many other special types, were quickly released. Within a period of six months the target of 14,000 releases of industry had been achieved.

The fourth or present phase in New Zealand's war effort has already been dealt with in the opening section of these notes. The demands for foodstuffs are reaching such extraordinary levels that they can be met only by further reallocation of men from the armed forces into food production. This process must inevitably continue but at the same time New Zealand intends to participate to the fullest possible extent in military operations in the Pacific.

In addition to our Air Force of 20 squadrons and the New Zealand naval force at present operating in the Pacific, we hope, subject to the European situation permitting the return of our forces from Europe, to reorganise our land forces into a new division for active service against the Japanese.

5th May, 1944.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Spain

C223144

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] WAR CABINET DISTRIBUTION

FROM TANGIER TO FOREIGN OFFICE

Mr. Gascoigne
No. 184.
15th May, 1944.

D. 11.05 a.m. G.M.T. 16th May, 1944.
R. 2.50 p.m. D.B.S.T. 16th May, 1944.

Repeated to Madrid No. 158
Tetuan Saving.

[ ] [ ] [ ]

My telegram No. 176.

Expulsion of German espionage and sabotage agents from Metropolitan Spain and Spanish controlled territories.

I personally presented Spanish High Commissioner with a note this morning containing lists of German agents whom we required to be expelled from Tangier and Spanish Zone and Presidios (latter being part of Metropolitan Spain).

2. General Orgaz promised that all persons in Tangier whose names appeared in the lists would be expelled at the same time as personnel of German Consulate-General (latter to begin to be repatriated within a fortnight from to-day) except for one individual Mathias Goeritz. I said that Mathias Goeritz would I presumed in any case be expelled in conformity with the "spirit" of the agreement i.e. that all Germans who had arrived at Tangier subsequent to June 1940 would be expelled. Orgaz said that he was consulting Ministry of Foreign Affairs on this question of principle.

3. As regards lists of other agents and saboteurs in various parts of Spanish Zone and Ceuta and Melilla, dossiers of men and their activities would be examined by competent local authorities immediately.

4. Might I suggest that Ministry of Foreign Affairs should be kept up to the spirit of the agreement where by all Germans who entered Tangier since June 1940 should be expelled otherwise we shall have numerous Germans left here after German Consulate-General has been closed and its personnel repatriated.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

C223145

[EN CLAIR] POLITICAL DISTRIBUTION.

FROM BUENOS AIRES TO FOREIGN OFFICE.

Sir D. Kelly.
No. 524
15th May 1944.

D. 9.57 a.m. 16th May 1944.
R. 6.45 p.m. 16th May 1944.

444 444 444

Leading article in La Prensa of 14th May drew attention to Lord Beaverbrook's recent statement in the House of Lords that Britain has no aircraft for a South American service. Article says this is very regrettable and hard to understand since surely after the war Britain will possess bombers capable of conversion to civilian use pending development of specially constructed commercial types. Article concludes "such a solution would be received with pleasure in our country".

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

France

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

C223146

[CODE (R)]

POLITICAL DISTRIBUTION

FROM ALGIERS (AMBASSADOR) TO FOREIGN OFFICE

Mr. Duff Cooper
No. 579
15th May, 1944

D. 2.35 a.m. 16th May, 1944
R. 4.50 a.m. 16th May, 1944

Repeated to Washington

g g g g g g

IMMEDIATE

Washington telegram No. 589 of 1943.

At the close of Foreign Affairs debate this afternoon, M. Gazier (C.G.T.) moved that French Committee of National Liberation should henceforth be known as Provisional Government of the French Republic. The motion was carried unanimously and with acclamation.

2. President of the Assembly then called upon General de Gaulle to speak as Head of the Provisional Government of France.

3. Although he made no specific reference to the motion de Gaulle appeared to accept it. During the course of his speech he read out, while the whole House stood, two telegrams received from General Juin reporting the latest successes of French troops in Italy.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

France

C223147

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] WAR CABINET DISTRIBUTION

FROM ALGIERS (AMBASSADOR) TO FOREIGN OFFICE

Mr. Duff Cooper D. 5.45 p.m. 16th May, 1944
No. 580

15th May, 1944 R. 12.45 a.m. 17th May, 1944

X X X X

Your telegrams Nos. 465 and 472.

I agree the French are being foolish about restrictions on travel and communications. They all take their note from General de Gaulle who is abnormally sensitive on the subject of French Sovereignty.

2. It would be useless to send M. Paris here to explain matters unless he has a far more dynamic personality than I remember. He would probably be sent back with instructions to M. Vienot to be less accommodating.

3. On the other hand I think most important Vienot's suggestion, that de Gaulle should be consulted or at least informed before General Eisenhower makes any declaration to the French people. There are two ways in which this could best be done. General Eisenhower might be willing to send out here a representative who would be in full possession of his views and who could confer with de Gaulle on his own level. Such a representative might be accompanied by a staff, who could conclude here negotiations that General Koenig has been carrying out, if they have not already been concluded.

4. Other way would be for de Gaulle to go to London.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Portugal

C223148

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] WAR CABINET DISTRIBUTION

FROM WASHINGTON TO FOREIGN OFFICE

Viscount Halifax.
No. 2551. D. 1.31 a.m. 16th May, 1944.

15th May, 1944. R. 9.30 a.m. 16th May, 1944.

Repeated to Lisbon No. 158.

****

IMMEDIATE.

Your telegram No. 4258.

Secret.

Proposals contained in your telegram under reference have been submitted to the State Department who have promised a very early reply.

2. Prior to receipt of your telegram I was informed by the State Department that they had yesterday instructed the United States Ambassador at Lisbon to reply to Dr. Salazar's offer to limit wolfram exports to Germany to 900 tons, to the effect that the United States Government are not interested in anything short of a total embargo, that they consider that declaration of such an embargo, affecting both sides, would be fully consistent with Portuguese neutrality and sovereignty and that only in this way can Portugal preserve the goodwill of the American people generally.

3. These instructions to the United States Ambassador do not seem altogether in keeping with the State Department's acquiescence (as reported in my telegram 2478) in leaving us to play the hand for the moment. Apparently however since Salazar had communicated his offer to the United States Ambassador, the State Department felt that some reply from them was called for. They consider that their reply will make Salazar more ready to accept the compromise proposals if it is decided to go forward with these and that in any case, liaison between the two Embassies in Lisbon is so close that there is no danger of getting wires crossed. Thus, if His Majesty's Ambassador considers the instructions to the United States Ambassador as set out in paragraph 2 above may in any way interfere with the presentation of new proposals, he may perhaps be able to postpone former being acted upon until the State Department's reactions to the latter are known.

(O.T.P)

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223149

(THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT)

CONFIDENTIAL

P.M.M.(44) 15th Meeting COPY NO. 4

MEETING OF PRIME MINISTERS

MINUTES of a Meeting held at 10, Downing Street, S.W.1., on TUESDAY, 16th MAY, 1944 at 12 NOON

P R E S E N T

The Rt. Hon. Winston S. Churchill, M.P., Prime Minister of the United Kingdom. (In the Chair)

UNITED KINGDOM

The Rt. Hon. C.R. Attlee, M.P., Lord President of the Council.

The Rt. Hon. Anthony Eden, M.P., Secretary of State for Foreign Affairs.

The Rt. Hon. Sir John Anderson, M.P., Chancellor of the Exchequer.

The Rt. Hon. Ernest Bevin, M.P., Minister of Labour and National Service.

The Rt. Hon. Oliver Lyttelton, M.P., Minister of Production.

The Rt. Hon. Herbert Morrison, M.P., Secretary of State for the Home Department and Minister of Home Security.

The Rt. Hon. Lord Woolton, Minister of Reconstruction.

The Rt. Hon. Viscount Cranborne, Secretary of State for Dominion Affairs.

Colonel The Rt.Hon. Oliver Stanley, M.P., Secretary of State for the Colonies.

The Rt. Hon. Sir Archibald Sinclair, Bt., M.P., Secretary of State for Air.

Sir Eric Machtig, Permanent Under-Secretary of State, Dominions Office.

CANADA

The Rt. Hon. W.L. Mackenzie King, M.P., Prime Minister of Canada.

Mr. Norman A. Robertson, Under Secretary of State for External Affairs.

COMMONWEALTH OF AUSTRALIA

The Rt. Hon. John Curtin, M.P., Prime Minister of the Commonwealth of Australia.

Sir Frederick Shedden, Secretary of the War Cabinet, War Council and Department of Defence.

NEW ZEALAND

The Rt. Hon. P. Fraser, M.P., Prime Minister of New Zealand.

Mr. A.D. McIntosh, Secretary of the War Cabinet and Secretary of External Affairs.

UNION OF SOUTH AFRICA

Field-Marshal The Rt. Hon. J.C. Smuts, M.P., Prime Minister of the Union of South Africa.

Mr. D.D. Forsyth, Secretary for External Affairs.

SECRETARIAT:

Sir Edward Bridges, Sir John Stephenson — Joint Secretaries
Sir Gilbert Laithwaite
Brigadier E.I.C. Jacob
Mr. W.A.W. Clark

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223150

DRAFT STATEMENT

THE MEETING considered a revised draft of a statement (P.M.M.(44) 9, Revise) to be issued over the signatures of the five Prime Ministers, and approved a final text. It was agreed that the statement should be referred to as a Declaration.

Offices of the War Cabinet,
S.W.1.

16TH MAY, 1944.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223151

(THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT)

S E C R E T

P.M.M.(44) 15th Meeting

COPY NO. 14

MEETING OF PRIME MINISTERS

The closing Meeting will be held in the Cabinet Room at No. 10 Downing Street, on Tuesday, the 16th May, 1944, at 12 Noon

AGENDA

1. SIGNATURE OF STATEMENT
2. CLOSING SPEECHES

(Signed) E.E. BRIDGES
J.E. STEPHENSON

Joint Secretaries

Offices of the War Cabinet,
S.W.1.,

15th May, 1944.

The following have been invited to attend:

United Kingdom

The Prime Minister and
Members of the United Kingdom War Cabinet
Lord Cranborne
Lord Beaverbrook
Mr. Amery
Colonel Oliver Stanley
Mr. Alexander
Sir James Grigg
Sir Archibald Sinclair
Sir Stafford Cripps
Mr. Bracken
Lord Cherwell
The United Kingdom Chiefs of Staff
Sir R.V.N. Hopkins
Sir A. Cadogan
Sir E. Machtig

Canada

The Prime Minister
Mr. Massey
Mr. N.A. Robertson
General K. Stuart

Commonwealth of Australia

The Prime Minister
Mr. Bruce
Sir Frederick Shedden
General Sir Thomas Blamey

New Zealand

The Prime Minister
Mr. Jordan
Mr. McIntosh
General Puttick

Union of South Africa

The Prime Minister
Colonel Reitz
Mr. Forsyth

India

H.H. The Maharaja of Kashmir
Sir Firoz Khan Noon

Southern Rhodesia

The Prime Minister

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223152

(THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT)

CONFIDENTIAL

P.M.M.(44) 16th Meeting COPY NO. 4

MEETING OF PRIME MINISTERS

MINUTES of a Meeting held at 10, Downing Street, S.W.1, on TUESDAY, 16TH MAY, 1944 at 12.45 p.m.

P R E S E N T

The Rt. Hon. Winston S. Churchill, M.P., Prime Minister of the United Kingdom. (In the Chair)

UNITED KINGDOM

The Rt. Hon. C.R. Attlee, M.P., Lord President of the Council.

The Rt. Hon. Anthony Eden, M.P., Secretary of State for Foreign Affairs.

The Rt. Hon. Sir John Anderson, M.P., Chancellor of the Exchequer.

The Rt. Hon. Ernest Bevin, M.P., Minister of Labour and National Service.

The Rt. Hon. Oliver Lyttelton, M.P., Minister of Production.

The Rt. Hon. Herbert Morrison, M.P., Secretary of State for the Home Department and Minister of Home Security.

The Rt. Hon. Lord Woolton, Minister of Reconstruction.

The Rt. Hon. Viscount Cranborne, Secretary of State for Dominion Affairs.

The Rt. Hon. Lord Beaverbrook, Lord Privy Seal.

The Rt. Hon. L.S. Amery, M.P., Secretary of State for India and Secretary of State for Burma.

CANADA

The Rt. Hon. W.L. Mackenzie King, M.P., Prime Minister of Canada.

The Rt. Hon. Vincent Massey, High Commissioner for Canada.

Mr. Norman A. Robertson, Under Secretary of State for External Affairs.

COMMONWEALTH OF AUSTRALIA

The Rt. Hon. John Curtin, M.P., Prime Minister of the Commonwealth of Australia.

The Rt. Hon. S.M. Bruce, High Commissioner for the Commonwealth of Australia.

Sir Frederick Shedden, Secretary of the War Cabinet, War Council and Department of Defence.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

UNITED KINGDOM (Continued)

Colonel The Rt. Hon. Oliver Stanley, M.P., Secretary of State for the Colonies.

The Rt. Hon. A.V. Alexander, M.P., First Lord of the Admiralty.

The Rt. Hon. Sir James Grigg, M.P., Secretary of State for War.

The Rt. Hon. Sir Archibald Sinclair, Bt., M.P., Secretary of State for Air.

The Rt. Hon. Sir Stafford Cripps, K.C., M.P., Minister of Aircraft Production.

The Rt. Hon. Lord Cherwell, Paymaster-General.

Admiral of the Fleet Sir Andrew Cunningham, First Sea Lord and Chief of Naval Staff.

Field Marshal Sir Alan Brooke, Chief of the Imperial General Staff.

Marshal of the Royal Air Force Sir Charles F.A. Portal, Chief of the Air Staff.

Lt.-General Sir Hastings L. Ismay, Chief of Staff to the Minister of Defence.

The Hon. Sir Alexander Cadogan, Permanent Under-Secretary of State for Foreign Affairs.

Sir Eric Machtig, Permanent Under-Secretary of State, Dominions Office.

NEW ZEALAND

The Rt. Hon. P. Fraser, M.P., Prime Minister of New Zealand.

Mr. W.J. Jordan, High Commissioner for New Zealand.

Mr. A.D. McIntosh, Secretary of the War Cabinet and Secretary of External Affairs.

Lieutenant-General E. Puttick, General Officer Commanding and Chief of General Staff, New Zealand Military Forces.

UNION OF SOUTH AFRICA

Field-Marshal The Rt. Hon. J.C. Smuts, M.P., Prime Minister of the Union of South Africa.

Colonel The Hon. Deneys Reitz, High Commissioner for the Union of South Africa.

Mr. D.D. Forsyth, Secretary for External Affairs.

INDIA

Lieutenant-General His Highness the Maharaja of Jammu and Kashmir, Representative of the Government of India.

The Hon. Sir Firoz Khan Noon, Representative of the Government of India.

SOUTHERN RHODESIA

Sir Godfrey Huggins, M.P., Prime Minister of Southern Rhodesia.

SECRETARIAT:

Sir Edward Bridges, Sir John Stephenson } Joint Secretaries
Sir Gilbert Laithwaite
Brigadier E.I.C. Jacob
Mr. W.A.W. Clark

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

MR. CHURCHILL: My Lords and Gentlemen, Prime Ministers of the Dominions, we have this morning concluded the formal and official parts of our labours to which we have devoted the last fortnight and I take this opportunity of expressing on behalf of His Majesty's Government in this country the very deep sense of pleasure which this visit from all parts of our Empire and Commonwealth has given to those who have the honour to be the hosts on this occasion. We have found comfort in hours of stress and anxiety. In days when great military operations are proceeding with vigour, and at last not uncheered by hopes of success, we have found pleasure in meeting men whose companionship is a comfort, whose comradeship is strong as a rock. We have got to know each other in some cases much better than we did. For my part I have known Mr. Mackenzie King and F.M. Smuts for about 40 years. I was delighted to meet the representatives who have come to us from Australia and New Zealand, and particularly to meet for the first time Mr. Curtin. My confidence in the future is enormously strengthened by all that has passed round this council board and I am sure that this meeting will in future years be looked back to as one of the important milestones in the history of our united association. We do not know how far we have to go; we do not know how long victory will be denied or what tribulations we shall have to ask our people to endure, but we are absolutely sure that they will not be found unequal to the tests and the trials, however long, however heavy, and that after these are over, we shall preserve in union, in association, that poise and calm for which we like to feel we have been honoured in the world and take at least as large a part in leading mankind out of the miseries into which they have fallen as we took in bearing the brunt of the struggle which broke upon us some five years ago.

His Majesty's Government in the United Kingdom trust indeed that their guests may have safe journeys home across the war-scourged seas and with the hazards of the air. We are most grateful to them for the exertions they have made in coming. We hope they will carry back to their countries a good tale of what they found here and tell them that we will all go along together in the fullest war effort till peace and justice have been established on unshakeable foundations.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

MR. MACKENZIE KING: Prime Minister, My Lords and Gentlemen, I cannot reciprocate too warmly the sentiments which you have so feelingly and eloquently expressed. I can say with deep confidence that all who are present deeply appreciate the invitations which His Majesty's Government in Great Britain extended to us to meet in London at this time and we all feel that the meeting in this Council Chamber on this momentous occasion has meant much not only to us personally, but will mean a great deal to the Governments which we represent. There has been but one opinion as to the importance of the meetings which we are now concluding; there can be but one opinion. They have been most helpful and useful to all who have participated in the proceedings. Particularly do I value the opportunity they have provided for the discussion of common problems with the other Prime Ministers of the British Commonwealth, with the representatives of India and Southern Rhodesia and with members of the United Kingdom War Cabinet and Government.

I shall never be able adequately to express, Prime Minister, what your own contribution as Chairman and in our deliberations has meant to us. Time and again we have been moved and inspired by your memorable utterances. We shall return to our respective countries more impressed than ever with the magnitude and complexity of the problems which confront the world today, but also with our hopes heightened and with a profound appreciation of the courage and resolution with which they are being faced.

London at this moment in history has been the right and proper place for our discussions. We have all been deeply impressed and affected by the spirit of this country. Since that very different spring four years ago, the will and spirit of the people of Britain have been a source of inspiration to all the peoples of the Commonwealth. At no time was this truer than at the present. I came here fully aware of our oneness of purpose. I was certain there was full agreement on essentials. I know that our soldiers, sailors and airmen have been taken into your hearts and homes and that the High Command under which they serve is worthy of the trust we place in them. During these short weeks, I have been strengthened in that knowledge. I shall be able to tell the people of Canada, at this crest of our collective effort, that the fighting forces are being given full and hearty support and that all is being done well. The singleness of purpose with which the task is being accomplished and with which tasks ahead are being undertaken adds to the assurance of final victory and a constructive peace.

The declaration we sign this morning is a clear and firm indication of what the British Commonwealth means to its members and to the world. The statement will be enthusiastically welcomed in all parts of Canada. Thanks to the swift and smooth machinery of consultation which has steadily improved under the stimulus of the conditions of war, we came to these meetings knowing much of each other's problems and points of view. But I should like to say how much it has meant to hear those problems and points of view explained and interpreted by those who themselves are responsible to their own Parliaments for the conduct of their countries' business.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Since the beginning of the war we have welcomed to Ottawa many visitors from the other nations of the Commonwealth. The Government and people of Canada are looking forward with much pleasure to a visit from Mr. Curtin, the Prime Minister of Australia. It will provide an opportunity to pay tribute to him and to the achievements of his countrymen in this present war. We are eager also to welcome again Mr. Fraser, the Prime Minister of New Zealand, who is happily no stranger to Canada. It is many years since Field Marshal Smuts, the Prime Minister of South Africa, has been to Canada. I speak for all the people of our country when I urge him to visit us again. You, Mr. Churchill, need no assurance of the welcome which will always await you on Canadian soil.

Prime Minister, I cannot depart without expressing my appreciation and that of those who have accompanied me for the cordial and generous hospitality which the United Kingdom Government has extended to us. If I may say so, the arrangements for our meetings have been admirable and businesslike. We have had a good many sessions covering a good deal of ground in a very brief time. That this has been possible is, I am sure, largely due to the efforts of the joint Secretariat provided by the War Cabinet and the Dominions Offices. I should like to convey to them our warmest thanks.

May I add again, no words of mine can express what we all feel of the many courtesies that have been extended to us, and above all, how exceptional has been the opportunity of gaining a wider vision and a clearer and closer understanding in respect of the problems which we have in common. I go away very much pleased indeed with the proceedings of this gathering.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

MR. CURTIN: Mr. Prime Minister, My Lords and Gentlemen, it is not very easy for me to say all that is in my heart. The people and the Government of Australia were most anxious that this consultation should take place. They desired it because they felt that the time had come when this council should review the war in the state which it has now reached, so that the heads of Governments could be informed more clearly as to the probable course that it might take and the problems that have to be overcome in order to mount to the summit the strength which has gradually been gathered from all parts of the British Commonwealth and Empire and also the resources and efforts of our Allies. I can only say that we are deeply indebted to you and to your colleagues for the attention you have given, not only to the war itself, but also to those multitudinous difficulties for the Commonwealth which the war has caused. During these council meetings you have given to us the amplitude of your great mind and heart and I know nobody anywhere who could have steered us through these deliberations more graciously, more inspiringly, or more successfully. I count myself, if I may offer a personal word, happy to have taken part in these discussions. I came, not only from a sense of duty, but also with a deep desire to be associated in a humble way with deliberations which I knew would reach conclusions of historic significance, not only to the Commonwealth and Empire, but, I do believe, to the world at large. The declaration which we have agreed upon and which is to be issued indicates broadly the essential unity which marks this Commonwealth and Empire and it expresses to other nations its deep purpose, that is, to be with them with all that we have until the war is over and also our determination to do all we can in the years to come to make the world a safer and a better place. I believe that the episode through which we are passing - I call it an episode, though it is markedly an occasion when aggressors have been able to wage war upon peace-loving peoples - it is an episode which has heartened the evolution of our association, has strengthened it and, as it were, has given much acceleration and greater speed to our complete fraternisation as peoples offering homage to The King and to that association over which he rules as marking the greatest confraternity of governmental relations the world has yet witnessed. Our association is one of kinship, one of common ideals and common purposes, and we say to the world at large that we ourselves feel that a world organisation for peace, for ensuring peace, and for the prevention of war, is an association into which we will enter and to which we will give all those qualities which we have and which we believe have enabled us to play a very, very significant part in the life of the world as a whole. I give you the pledge of my country and I am sure any other Government of the Commonwealth would give you the same pledge of inflexible determination to be with you until the victory is won. That determination shall have imported into it every quality which marks the people of the Commonwealth, those qualities of high endeavour, of endurance, of fortitude and, may I say, of fighting capability which the sons and daughters of our race in the Antipodes have displayed and which I think has been recognised as one of its greatest gifts. I have great pride in the people of Australia. They have great pride in the British Commonwealth and we say too that this occasion when we have gathered here in the midst of this terrible war in order the more solidly to wage the struggle will be regarded by them as one of the great contributions to the earlier termination of the struggle.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

I should like to express our thanks for the great aid your officers have given to us and for the arrangements which have been made for our comfort and for our travel and to say we will go back to our respective countries, as I know I shall in Australia, with an even clearer insight into the heroic gallantry and the unflagging endeavour which have enabled this bastion of the freedom of the world to reach its present state when it can look forward to peace with confidence.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

MR. FRASER: Prime Minister, my Lords and Gentlemen, this meeting of Prime Ministers has been of great value and I am sure has inspired and strengthened all of us. I am most deeply gratified with the spirit of mutual understanding and co-operation which has throughout pervaded the discussions, as it does the relationship amongst the respective members of the Commonwealth and Empire. It is this spirit more than any other factor, from which our great Empire and Commonwealth derives its strength and upon its continuance rest our high hopes of the future.

As a result of these completely frank exchanges, each of us has an understanding of the point of view and feelings of the other units of the Commonwealth and has been given glimpses of the way our respective governments are likely to consider proposals to meet changing circumstances. This will be invaluable as in our own countries we have from day to day to make decisions on the important questions which continually arise.

It has been a great benefit to me, as I am sure it has been to all of us, to have attended this historic meeting held at this critical period of the war in Europe - at a time which vitally affects the destinies of our own Commonwealth of British nations and is fraught with momentous consequences for the peoples of the world.

We have had an opportunity at this conference to review the strategy of the war, to learn of the plans upon which it is being conducted. We have exchanged views on the world organisation which we trust and pray will be devised to maintain future peace.

Most immediate and overwhelming in importance has been our agreement on the policy of concentrating on the defeat of Germany and Japan and their satellites and upon the building of an international organisation and a world order which will make possible ordered political and economic development and better standards of social welfare, full employment, and good and assured standards of living and culture for all.

We have not been concerned so much with constitutional machinery as with specific purposes to be achieved. Our aim has been to determine in this critical and tragic time in the history of mankind which are the matters upon which it is essential we should stand united in co-operation and then to consider the methods by which we can best achieve these purposes.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

I would like to take this opportunity of expressing my very deep appreciation of the manner in which you, Mr. Churchill, have presided over our conference. We have derived the greatest benefit from your inspired leadership, as we have throughout the war, and from your great wisdom as well as from your outstanding courage.

I would like to thank also the Prime Minister's colleagues and the Ministers who have assisted us for the statements they have so ably presented to us. We are also grateful to the efficiency of the secretariat which has contributed so much in time and effort towards the smooth running of these meetings. They have worked long hours and the preparations they have made and the drafts which have been presented have contributed greatly to the success of our meetings.

In conclusion, Mr. Prime Minister, I would only say that, sure of our aims, we have demonstrated, not only the desirability, but the absolute necessity, in the interests of the world as a whole, as well as of the peoples of the British Commonwealth and Empire, of maintaining and strengthening the Commonwealth, not merely as an organisation, but as a mighty instrument for achieving great purposes in the highest interests of mankind.

Strengthened and inspired as I have been with the clear ringing reaffirmation by the conference of the faith expressed in our various declarations since the outbreak of war and particularly in the Atlantic Charter, I repeat and renew solemnly, but with great pride, the pledge given by our late Prime Minister, Mr. Savage, in 1939 - "Where Britain goes, we go; where she stands, we stand".

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

FIELD-MARSHAL SMUTS: Mr. Prime Minister, My. Lords and Gentlemen, I wish to express my pleasure and my deep agreement with what has been said by you, Prime Minister, and my other colleagues. This is the end of a very remarkable Conference. I have attended many of the Imperial Conferences of the past, but thinking back to-day over those Conferences I cannot think of one which has had a character like the present. This has not only been an Imperial Conference, but it has achieved a success that is amazing under war conditions. There have been a spirit and an atmosphere at this Conference unlike any that I have experienced in previous Conferences. In a large sense, Prime Minister, that is due to your leadership of this Conference, which has had the same high quality that your leadership has had in your conduct of the affairs of the world in the times through which we are passing. The difference is also due to the importance of the subjects that we have discussed; at no previous Conference that I can remember has there ever been such a range of far-reaching fundamental problems, touching not only this group of ours but the whole world, as at this Conference. We have discussed questions of war; we have discussed questions of international affairs; we have discussed the matters that go to the root of our own society and of all the nations, and it has all been done in an atmosphere, in a spirit of comradeship, friendship and understanding such as I have never experienced before. I go back to my country from this Conference with a renewed feeling of strength, courage and good cheer to meet the heavy tasks that lie ahead. At no Conference has it been more necessary than at this one for us to have personal contact. We have been discussing, we have been writing, we have been corresponding with each other for these four years on problems that have engaged our attention, but it has always been at a distance and never with that personal contact which now, for the first time, we have been able to realise in the war. That personal contact, meeting face to face, has been the greatest value. I am sure we have all been strengthened in our resolve, our minds have been clarified and we have derived a benefit and an advantage from this Conference such as could never have been achieved by long and intricate correspondence. We have discussed our own affairs, we have discussed the affairs of the world; but we have discussed our own affairs in no sense of self-interest; we have always had in view the fact that we are working not only now and here but in a much greater world chain; we are many partners, great and small, and we realise that no success can be achieved, no objects can be realised, unless there is unity, unless the advantage and the welfare of all are kept in view, and in all the discussions we have had we have always been imbued with that spirit, the spirit which looks to the wider human welfare and not to the individual advantage of our own particular group.

We go back to our countries from this Conference with the message that we have signed this morning, a message of good cheer, a message which I hope will put all our peoples in good heart. They have carried heavy burdens, they have carried intolerable burdens, and this message coming to them from this Conference, after nearly five years of war, will help them in the final phase, the climax of this war which we all hope will be the end. Our message will mean to them an expression of the hope, the faith, the confidence, the strength that there is in this group of ours and in the hearts of our Governments.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

I thank you for your great service to this Conference, for the leadership you have given, for the help you have been to us. I thank all your colleagues, all our British colleagues, who have been more than helpful, because coming from afar we have had to deal not only with the large problems of war and peace, but in many cases with the problems of our own countries. The United Kingdom Government, the Members of His Majesty's Government in this country, have been most helpful to us in these domestic questions which we have had to discuss with them outside this Conference.

I wish to thank very sincerely also the officials for the work they have been doing for us. By this Conference we have added very largely to their heavy burdens, but they have helped us and they have made their contribution to an achievement which I think will stand out as one of the great successes of this war. This Conference has raised many great problems, but what has been achieved is a victory of great promise, as it opens the prospect of wise counsels and wise decisions and great settlements for our world.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

SIR FIROZ KHAN NOON: Mr. Prime Minister, My Lords and Gentlemen, it has been a source of real pleasure for us, the Maharaja and myself, to come here and sit round this table with the Prime Ministers and discuss Empire problems, and we sincerely hope that there will be similar opportunities in the future for consideration of matters of mutual interest. We have many chances of coming to England and making contact with His Majesty's Government, but we feel that for the development of friendly relations and a powerful Commonwealth it is very necessary that we should make contacts with the representatives of the Dominions also, and it is from that point of view that we consider this meeting is of special value. This meeting has also shown to us that in the wider policy of the Commonwealth there are no differences at all between the Dominions and ourselves, or His Majesty's Government in the United Kingdom and ourselves, and it is on that ground that we can look forward with hope and patience to the growing spirit of this political association.

I should, however, like to mention one thing, that this is all due to one great factor, and that is the characteristics of the British people. I was here in 1940 and I know the troublous times through which we passed in those days, and I for one was enormously impressed by the determination and bravery and sense of duty to freedom displayed by all the men and women of this country; and may I be permitted to say that that determination is typified in the leadership that you, Mr. Prime Minister, have provided personally for this Commonwealth of Nations. It is the clear-headedness of the leader and his policy which enables the various component parts to stay together, and you personally have, through your leadership, taken the Empire and the Commonwealth from strength to strength, and we are confident for the future not only of this country but of the whole Commonwealth and of the Empire, and I need hardly say how carefully the peoples of India have watched the proceedings of this Conference, and how grateful they must all be that their representatives along with the Prime Ministers from the Dominions have deliberated jointly and come to conclusions which are acceptable to all.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

SIR GODFREY HUGGINS: Mr. Prime Minister, I would like to say that I rejoice in the spirit of unity displayed at this Conference, and if there is no relapse, when fear departs, this Commonwealth and Empire, which with courage, enterprise and self-discipline has saved the world from barbarians, will remain in the lead and help return this sorely-stricken world to days of peace. The United Kingdom with her associates under the Crown has characteristics which will be required after the war; their love of freedom, their ability to compromise, to give and take, and to play the game. They need have no fear for the future if under Divine Will selfishness is kept in check and goodwill and unity under the Crown are maintained. We saved the world in war, and if we maintain this unity in peace we can preserve the world for the service of humanity and make it worthy of inheritance.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Italy

C223165

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER]

WAR CABINET DISTRIBUTION

FROM NAPLES (HIGH COMMISSIONER)

TO FOREIGN OFFICE.

Sir N. Charles.
No. 123. D. 2.42 p.m. 16th May, 1944.

16th May, 1944. R. 10.40 p.m. 16th May, 1944.

Repeated to Resmin Med No. 69.

****

My telegram No. 119 paragraph 5.

Crown Prince assured me he would not raise the matter for the present but navy and army would, he felt, expect some kind of statement to be made at the opportune moment. This might be done when the Government was being reformed after the capture of Rome. He promised to let me know in advance.

2. His Royal Highness said the "Times" correspondent had behaved exceptionally well throughout.

(O.T.P)

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Vatican

OUTWARD TELEGRAM

ADDED

C223166

R.7615/1240/57.

[The text of this telegram must first be paraphrased if communicated to persons outside British or United States Government service or if retransmitted in a cypher system other than O.T.P.]

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on.]

[CYPHER] WAR CABINET DISTRIBUTION

FROM FOREIGN OFFICE TO HOLY SEE

No. 172 D. 4.15 a.m. 17th May, 1944.
16th May, 1944.

Repeated to Washington No. 4324
Resmin Med No. 35 SAVING
Naples No. 9 SAVING

JJJ

IMMEDIATE.

Your telegram Nos. 309 and 310 [of May 3rd: protection of Vatican lorries].

The matter has been most carefully considered and although no guarantee of immunity can be given, allied military authorities are prepared to afford every reasonable protection consistent with military necessity, subject to the following conditions being observed:-

(a) Convoys not to exceed 30 lorries and to be clearly marked as in (d) below and to be kept absolutely clear of enemy traffic.
(b) Not more than one convoy to be permitted per week unless Vatican show good reason for exceeding this number.
(c) Prior notice, as specified below, to be given to A.F.H.Q. of the number of lorries in each convoy.
(d) Lorries to bear distinctive markings which must be notified to A.F.H.Q.
(e) A time-table to be drawn up in advance and strictly adhered to.
(f) the route to be notified and strictly followed.

2. Notice of numbers, markings, time-tables and route required under paragraph 1 above should reach A.F.H.Q., if possible, one week prior to movement of any convoy but you should make it clear to Vatican that any less notice than this makes it uncertain that pilots can be properly briefed. All necessary particulars should be telegraphed to me MOST IMMEDIATE.

3. You should make it clear to Vatican that any attempt by the German authorities to take advantage of the special treatment which we are prepared to afford to Vatican convoys, e.g. by sending military transport along the same route at the same time will clearly jeopardise safety of Vatican lorries. We must leave it to Vatican to represent this to Germans.

4./....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223166A

4. You may express regret to Vatican for incidents which have occurred in past, while making it plain that these are chiefly owing to short notice given of movements. From a purely legal point of view, however, as you are aware, we are under no obligation to respect neutral lorries sent into belligerent territory in time of war and technical difficulties imposed on pilots of recognising special markings while flying at great speed are considerable. We are nevertheless prepared to afford protection to Vatican lorries within limits and on conditions described above in order that Vatican may carry out its charitable activities on behalf of population of Rome despite the fact that Germans are responsible for feeding of population and have utterly failed to discharge this responsibility.

[Copies sent to Mr. Wiltshire.]

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223167

[THIS TELEGRAM IS OF PARTICULAR SECRECY AND SHOULD BE RETAINED BY THE AUTHORISED RECIPIENT AND NOT PASSED ON].

[CYPHER]. WAR CABINET DISTRIBUTION.

FROM RIO DE JANEIRO TO FOREIGN OFFICE.

Mr. Broadmead.
No. 251.
May 16th, 1944.

D. 1.35 p.m. May 16th, 1944.
R. 8.55 p.m. May 16th, 1944.

Repeated to Washington
Lisbon.

yyyyyyy

IMPORTANT.

SECRET.

My telegram No. 249.

Instructions have been sent.

Foreign Office please repeat to Lisbon.

[Repeated to Lisbon as telegram No. 711].

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Vatican

C223168

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

[The text of this telegram must first be paraphrased if communicated to persons outside British or United States Government service or if retransmitted in a cypher system other than O.T.P.]

[CYPHER]

WAR CABINET DISTRIBUTION

FROM HOLY SEE TO FOREIGN OFFICE

Sir D. Osborne
No. 344
16th May, 1944.

D. 10.20 p.m. 17th May, 1944.
R. 10.00 p.m. 18th May, 1944.

SSSSS

My immediately preceding telegram.

I hope that in view of sacred character of Loreto this request may be given favourable consideration. I also hope that plea for recognition of Assisi as a "hospital city" contained in my telegram No. 286 is being given consideration. Possibly in both cases neutral authority could be requested to verify absence of military objectives?

—

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

France

OUTWARD TELEGRAM

C223169

Z 3140/2870/G

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on.]

[CYPHER]

WAR CABINET DISTRIBUTION

FROM FOREIGN OFFICE TO ALGIERS

(AMBASSADOR)

No. 478
16th May 1944

D. 9.30 p.m. 16th May 1944

Your telegrams Nos. 519 and 525 [of May 3rd and 4th: French request for assurance that, if M. le Troquer comes to United Kingdom, he will be allowed to return to Algiers for consultation].

I regret that we cannot give any assurance that le Troquer after coming here will be allowed to return to Algiers. To agree to this proposal would be to vitiate our whole plan of secrecy and stoppage of communications.

2. We are fully aware of difficulties to which present restrictions have given rise, but we have gone as far as we can to mitigate them for the benefit of the French Committee and we cannot do more.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

NOT FOR PUBLICATION OR BROADCAST OR USE ON CLUB TAPES BEFORE 0030 HOURS, D.B.S.T., THURSDAY, 18TH MAY. NOT TO BE TRANSMITTED BEFORE THAT TIME EXCEPT TO THE COUNTRIES AND IN ACCORDANCE WITH THE CONDITIONS SET OUT HEREUNDER. MAY BE TRANSMITTED FORTHWITH TO INDIA, THE U.S.A., EGYPT, CANADA AND THE UNION OF SOUTH AFRICA BY CABLE ONLY AND ENDORSED "UNPUBLISHABLE, UNBROADCASTABLE AND UNTRANSMISSIBLE (EX COUNTRY ADDRESSED) BEFORE 22.30 HOURS G.M.T., WEDNESDAY, 17TH MAY".

MAY BE SENT TO AUSTRALIA AND NEW ZEALAND BY CABLE ONLY AND ENDORSED "PUBLISHABLE IN LOCAL MORNING PAPERS OF THURSDAY, 18TH MAY BUT NOT BROADCASTABLE OR TRANSMISSIBLE UNTIL 22.30 HOURS G.M.T., WEDNESDAY, 17TH MAY."

TEXT OF SPEECHES
MADE AT THE CLOSING MEETING
OF PRIME MINISTERS,
16TH MAY, 1944

MR. CHURCHILL: My Lords and Gentlemen, Prime Ministers of the Dominions, we have this morning concluded the formal and official parts of our labours to which we have devoted the last fortnight and I take this opportunity of expressing on behalf of His Majesty's Government in this country the very deep sense of pleasure which this visit from all parts of our Empire and Commonwealth has given to those who have the honour to be the hosts on this occasion. We have found comfort in hours of stress and anxiety. In days when great military operations are proceeding with vigour, and at last not uncheered by hopes of success, we have found pleasure in meeting men whose companionship is a comfort, whose comradeship is strong as a rock. We have got to know each other in some cases much better than we did. For my part I have known Mr. Mackenzie King and F.M. Smuts for about 40 years. I was delighted to meet the representatives who have come to us from Australia and New Zealand, and particularly to meet for the first time Mr. Curtin. My confidence in the future is enormously strengthened by all that has passed round this council board and I am sure that this meeting will in future years be looked back to as one of the important milestones in the history of our united association. We do not know how far we have to go; we do not know how long victory will be denied or what tribulations we shall have to ask our people to endure, but we are absolutely sure that they will not be found unequal to the tests and the trials, however long, however heavy, and that after these are over, we shall preserve in union, in association, that poise and calm for which we like to feel we have been honoured in the world and take at least as large a part in leading mankind out of the miseries into which they have fallen as we took in bearing the brunt of the struggle which broke upon us some five years ago.

His Majesty's Government in the United Kingdom trust indeed that their guests may have safe journeys home across the war-scourged seas and with the hazards of the air. We are most grateful to them for the exertions they have made in coming. We hope they will carry back to their countries a good tale of what they found here and tell them that we will all go along together in the fullest war effort till peace and justice have been established on unshakeable foundations.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

MR. MACKENZIE KING: Prime Minister, My Lords and Gentlemen, I cannot reciprocate too warmly the sentiments which you have so feelingly and eloquently expressed. I can say with deep confidence that all who are present deeply appreciate the invitations which His Majesty's Government in Great Britain extended to us to meet in London at this time and we all feel that the meeting in this Council Chamber on this momentous occasion has meant much not only to us personally, but will mean a great deal to the Governments which we represent. There has been but one opinion as to the importance of the meetings which we are now concluding; there can be but one opinion. They have been most helpful and useful to all who have participated in the proceedings. Particularly do I value the opportunity they have provided for the discussion of common problems with the other Prime Ministers of the British Commonwealth, with the representatives of India and Southern Rhodesia and with members of the United Kingdom War Cabinet and Government.

I shall never be able adequately to express, Prime Minister, what your own contribution as Chairman and in our deliberations has meant to us. Time and again we have been moved and inspired by your memorable utterances. We shall return to our respective countries more impressed than ever with the magnitude and complexity of the problems which confront the world today, but also with our hopes heightened and with a profound appreciation of the courage and resolution with which they are being faced.

London at this moment in history has been the right and proper place for our discussions. We have all been deeply impressed and affected by the spirit of this country. Since that very different spring four years ago, the will and spirit of the people of Britain have been a source of inspiration to all the peoples of the Commonwealth. At no time was this truer than at the present. I came here fully aware of our oneness of purpose. I was certain there was full agreement on essentials. I know that our soldiers, sailors and airmen have been taken into your hearts and homes and that the High Command under which they serve is worthy of the trust we place in them. During these short weeks, I have been strengthened in that knowledge. I shall be able to tell the people of Canada, at this crest of our collective effort, that the fighting forces are being given full and hearty support and that all is being done well. The singleness of purpose with which the task is being accomplished and with which tasks ahead are being undertaken adds to the assurance of final victory and a constructive peace.

The declaration we sign this morning is a clear and firm indication of what the British Commonwealth means to its members and to the world. The statement will be enthusiastically welcomed in all parts of Canada. Thanks to the swift and smooth machinery of consultation which has steadily improved under the stimulus of the conditions of war, we came to these meetings knowing much of each other's problems and points of view. But I should like to say how much it has meant to hear those problems and points of view explained and interpreted by those who themselves are responsible to their own Parliaments for the conduct of their countries' business.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Since the beginning of the war we have welcomed to Ottawa many visitors from the other nations of the Commonwealth. The Government and people of Canada are looking forward with much pleasure to a visit from Mr. Curtin, the Prime Minister of Australia. It will provide an opportunity to pay tribute to him and to the achievements of his countrymen in this present war. We are eager also to welcome again Mr. Fraser, the Prime Minister of New Zealand, who is happily no stranger to Canada. It is many years since Field Marshal Smuts, the Prime Minister of South Africa, has been to Canada. I speak for all the people of our country when I urge him to visit us again. You, Mr. Churchill, need no assurance of the welcome which will always await you on Canadian soil.

Prime Minister, I cannot depart without expressing my appreciation and that of those who have accompanied me for the cordial and generous hospitality which the United Kingdom Government has extended to us. If I may say so, the arrangements for our meetings have been admirable and businesslike. We have had a good many sessions covering a good deal of ground in a very brief time. That this has been possible is, I am sure, largely due to the efforts of the joint Secretariat provided by the War Cabinet and the Dominions Offices. I should like to convey to them our warmest thanks.

May I add again, no words of mine can express what we all feel of the many courtesies that have been extended to us, and above all, how exceptional has been the opportunity of gaining a wider vision and a clearer and closer understanding in respect of the problems which we have in common. I go away very much pleased indeed with the proceedings of this gathering.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

MR.. CURTIN: Mr. Prime Minister, My Lords and Gentlemen, it is not very easy for me to say all that is in my heart. The people and the Government of Australia were most anxious that this consultation should take place. They desired it because they felt that the time had come when this council should review the war in the state which it has now reached, so that the heads of Governments could be informed more clearly as to the probable course that it might take and the problems that have to be overcome in order to mount to the summit the strength which has gradually been gathered from all parts of the British Commonwealth and Empire and also the resources and efforts of our Allies. I can only say that we are deeply indebted to you and to your colleagues for the attention you have given, not only to the war itself, but also to those multitudinous difficulties for the Commonwealth which the war has caused. During these council meetings you have given to us the amplitude of your great mind and heart and I know nobody anywhere who could have steered us through these deliberation more graciously, more inspiringly, or more successfully. I count myself, if I may offer a personal word, happy to have taken part in these discussions. I came, not only from a sense of duty, but also with a deep desire to be associated in a humble way with deliberations which I knew would reach conclusions of historic significance, not only to the Commonwealth and Empire, but, I do believe, to the world at large. The declaration which we have agreed upon and which is to be issued indicates broadly the essential unity which marks this Commonwealth and Empire and it expresses to other nations its deep purpose, that is, to be with them with all that we have until the war is over and also our determination to do all we can in the years to come to make the world a safer and a better place. I believe that the episode through which we are passing - I call it an episode, though it is markedly an occasion when aggressors have been able to wage war upon peace-loving peoples - it is an episode which has heartened the evolution of our association, has strengthened it and, as it were, has given much acceleration and greater speed to our complete fraternisation as peoples offering homage to The King and to that association over which he rules as marking the greatest confraternity of governmental relations the world has yet witnessed. Our association is one of kinship, one of common ideals and common purposes, and we say to the world at large that we ourselves feel that a world organisation for peace, for ensuring peace, and for the prevention of war, is an association into which we will enter and to which we will give all those qualities which we have and which we believe have enabled us to play a very, very significant part in the life of the world as a whole. I give you the pledge of my country and I am sure any other Government of the Commonwealth would give you the same pledge of inflexible determination to be with you until the victory is won. That determination shall have imported into it every quality which marks the people of the Commonwealth, those qualities of high endeavour, of endurance, of fortitude and, may I say, of fighting capability which the sons and daughters of our race in the Antipodes have displayed and which I think has been recognised as one of its greatest gifts. I have great pride in the people of Australia. They have great pride in the British Commonwealth and we say too that this occasion when we have gathered here in the midst of this terrible war in order the more solidly to wage the struggle will be regarded by them as one of the great contributions to the earlier termination of the struggle.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

I should like to express our thanks for the great aid your officers have given to us and for the arrangements which have been made for our comfort and for our travel and to say we will go back to our respective countries, as I know I shall in Australia, with an even clearer insight into the heroic gallantry and the unflagging endeavour which have enabled this bastion of the freedom of the world to reach its present state when it can look forward to peace with confidence.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

MR. FRASER: Prime Minister, my Lords and Gentlemen, this meeting of Prime Ministers has been of great value and I am sure has inspired and strengthened all of us. I am most deeply gratified with the spirit of mutual understanding and co-operation which has throughout pervaded the discussions, as it does the relationship amongst the respective members of the Commonwealth and Empire. It is this spirit more than any other factor, from which our great Empire and Commonwealth derives its strength and upon its continuance rest our high hopes of the future.

As a result of these completely frank exchanges, each of us has an understanding of the point of view and feelings of the other units of the Commonwealth and has been given glimpses of the way our respective governments are likely to consider proposals to meet changing circumstances. This will be invaluable as in our own countries we have from day to day to make decisions on the important questions which continually arise.

It has been a great benefit to me, as I am sure it has been to all of us, to have attended this historic meeting held at this critical period of the war in Europe - at a time which vitally affects the destinies of our own Commonwealth of British nations and is fraught with momentous consequences for the peoples of the world.

We have had an opportunity at this conference to review the strategy of the war, to learn of the plans upon which it is being conducted. We have exchanged views on the world organisation which we trust and pray will be devised to maintain future peace.

Most immediate and overwhelming in importance has been our agreement on the policy of concentrating on the defeat of Germany and Japan and their satellites and upon the building of an international organisation and a world order which will make possible ordered political and economic development and better standards of social welfare, full employment, and good and assured standards of living and culture for all.

We have not been concerned so much with constitutional machinery as with specific purposes to be achieved. Our aim has been to determine in this critical and tragic time in the history of mankind which are the matters upon which it is essential we should stand united in co-operation and then to consider the methods by which we can best achieve these purposes.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

I would like to take this opportunity of expressing my very deep appreciation of the manner in which you, Mr. Churchill, have presided over our conference. We have derived the greatest benefit from your inspired leadership, as we have throughout the war, and from your great wisdom as well as from your outstanding courage.

I would like to thank also the Prime Minister's colleagues and the Ministers who have assisted us for the statements they have so ably presented to us. We are also grateful to the efficiency of the secretariat which has contributed so much in time and effort towards the smooth running of these meetings. They have worked long hours and the preparations they have made and the drafts which have been presented have contributed greatly to the success of our meetings.

In conclusion, Mr. Prime Minister, I would only say that, sure of our aims, we have demonstrated, not only the desirability, but the absolute necessity, in the interests of the world as a whole, as well as of the peoples of the British Commonwealth and Empire, of maintaining and strengthening the Commonwealth, not merely as an organisation, but as a mighty instrument for achieving great purposes in the highest interests of mankind.

Strengthened and inspired as I have been with the clear ringing reaffirmation by the conference of the faith expressed in our various declarations since the outbreak of war and particularly in the Atlantic Charter, I repeat and renew solemnly, but with great pride, the pledge given by our late Prime Minister, Mr. Savage, in 1939 - "Where Britain goes, we go; where she stands, we stand".

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

FIELD-MARSHAL SMUTS: Mr. Prime Minister, My. Lords and Gentlemen, I wish to express my pleasure and my deep agreement with what has been said by you, Prime Minister, and my other colleagues. This is the end of a very remarkable Conference. I have attended many of the Imperial Conferences of the past, but thinking back to-day over those Conferences I cannot think of one which has had a character like the present. This has not only been an Imperial Conference, but it has achieved a success that is amazing under war conditions. There have been a spirit and an atmosphere at this Conference unlike any that I have experienced in previous Conferences. In a large sense, Prime Minister, that is due to your leadership of this Conference, which has had the same high quality that your leadership has had in your conduct of the affairs of the world in the times through which we are passing. The difference is also due to the importance of the subjects that we have discussed; at no previous Conference that I can remember has there ever been such a range of far-reaching fundamental problems, touching not only this group of ou s but the whole world, as at this Conference. We have discussed questions of war; we have discussed questions of international affairs; we have discussed the matters that go to the root of our own society and of all the nations, and it has all been done in an atmosphere, in a spirit of comradeship, friendship and understanding such as I have never experienced before. I go back to my country from this Conference with a renewed feeling of strength, courage and good cheer to meet the heavy tasks that lie ahead. At no Conference has it been more necessary than at this one for us to have personal contact. We have been discussing, we have been writing, we have been corresponding with each other for these four years on problems that have engaged our attention, but it has always been at a distance and never with that personal contact which now, for the first time, we have been able to realise in the war. That personal contact, meeting face to face, has been the greatest value. I am sure we have all been strengthened in our resolve, our minds have been clarified and we have derived a benefit and an advantage from this Conference such as could never have been achieved by long and intricate correspondence. We have discussed our own affairs, we have discussed the affairs of the world; but we have discussed our own affairs in no sense of self-interest; we have always had in view the fact that we are working not only now and here but in a much greater world chain; we are many partners, great and small, and we realise that no success can be achieved, no objects can be realised, unless there is unity, unless the advantage and the welfare of all are kept in view, and in all the discussions we have had we have always been imbued with that spirit, the spirit which looks to the wider human welfare and not to the individual advantage of our own particular group.

We go back to our countries from this Conference with the message that we have signed this morning, a message of good cheer, a message which I hope will put all our peoples in good heart. They have carried heavy burdens, they have carried intolerable burdens, and this message coming to them from this Conference, after nearly five years of war, will help them in the final phase, the climax of this war which we all hope will be the end. Our message will mean to them an expression of the hope, the faith, the confidence, the strength that there is in this group of ours and in the hearts of our Governments.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

I thank you for your great service to this Conference, for the leadership you have given, for the help you have been to us. I thank all your colleagues, all our British colleagues, who have been more than helpful, because coming from afar we have had to deal not only with the large problems of war and peace, but in many cases with the problems of our own countries. The United Kingdom Government, the Members of His Majesty's Government in this country, have been most helpful to us in these domestic questions which we have had to discuss with them outside this Conference.

I wish to thank very sincerely also the officials for the work they have been doing for us. By this Conference we have added very largely to their heavy burdens, but they have helped us and they have made their contribution to an achievement which I think will stand out as one of the great successes of this war. This Conference has raised many great problems, but what has been achieved is a victory of great promise, as it opens the prospect of wise counsels and wise decisions and great settlements for our world.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

SIR FIROZ KHAN NOON: Mr. Prime Minister, My Lords and Gentlemen, it has been a source of real pleasure for us, the Maharaja and myself, to come here and sit round this table with the Prime Ministers and discuss Empire problems, and we sincerely hope that there will be similar opportunities in the future for consideration of matters of mutual interest. We have many chances of coming to England and making contact with His Majesty's Government, but we feel that for the development of friendly relations and a powerful Commonwealth it is very necessary that we should make contacts with the representatives of the Dominions also, and it is from that point of view that we consider this meeting is of special value. This meeting has also shown to us that in the wider policy of the Commonwealth there are no differences at all between the Dominions and ourselves, or His Majesty's Government in the United Kingdom and ourselves, and it is on that ground that we can look forward with hope and patience to the growing spirit of this political association.

I should, however, like to mention one thing, that this is all due to one great factor, and that is the characteristics of the British people. I was here in 1940 and I know the troublous times through which we passed in those days, and I for one was enormously impressed by the determination and bravery and sense of duty to freedom displayed by all the men and women of this country; and may I be permitted to say that that determination is typified in the leadership that you, Mr. Prime Minister, have provided personally for this Commonwealth of Nations. It is the clear-headedness of the leader and his policy which enables the various component parts to stay together, and you personally have, through your leadership, taken the Empire and the Commonwealth from strength to strength, and we are confident for the future not only of this country but of the whole Commonwealth and of the Empire, and I need hardly say how carefully the peoples of India have watched the proceedings of this Conference, and how grateful they must all be that their representatives along with the Prime Ministers from the Dominions have deliberated jointly and come to conclusions which are acceptable to all.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

SIR GODFREY HUGGINS: Mr. Prime Minister, I would like to say that I rejoice in the spirit of unity displayed at this Conference, and if there is no relapse, when fear departs, this Commonwealth and Empire, which with courage, enterprise and self-discipline has saved the world from barbarians, will remain in the lead and help return this sorely-stricken world to days of peace. The United Kingdom with her associates under the Crown has characteristics which will be required after the war; their love of freedom, their ability to compromise, to give and take, and to play the game. They need have no fear for the future if under Divine Will selfishness is kept in check and goodwill and unity under the Crown are maintained. We saved the world in war, and if we maintain this unity in peace we can preserve the world for the service of humanity and make it worthy of inheritance.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Iran

C223181

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] WAR CABINET DISTRIBUTION.

FROM TEHRAN TO FOREIGN OFFICE.

Sir R. Bullard. D. 4.33 p.m. 16th May, 1944 GMT.
No. 501.
16th May, 1944. R. 7.50 p.m. 16th May, 1944 DBST.

Repeated to Washington,
Moscow Saving
Government of India, Saving
Bagdad Saving
Cairo Saving.

£ £ £ £ £ £ £

IMMEDIATE.

My telegram No. 466.

Although the more scurrilous attacks on Millspaugh Mission have diminished if not quite ceased, the criticism against Millspaugh himself is general and I do not think it can be ignored until the arrival of the new Ambassador if as I hear he is not likely to arrive until July.

According to a statement made to me in confidence by the American Chargé d'Affaires he has recommended the speedy removal from Persia of two incompetent employees of the mission and of Dr. Millspaugh's son, an ill-mannered interfering youth of 18, whose contribution to the economic recovery of Persia has been to crash two official Persian cars. Apart from this there is the question, which even some honest as well as able people are asking, whether Dr. Millspaugh is equal to his task in the greatly expanded form it has assumed since his arrival. He came to advise on finance but he is now practically director of the financial and economic affairs of the country.

3. The main charges are that

(1) he acts without sufficient consultation and so makes grave avoidable mistakes

(2) he delays urgent business by trying to do everything himself

(3) instead of concentrating on the control of essential articles tea, sugar and piece goods he has tried to control a large amount of goods with the result that in some cases the control is ineffectual and in others it strangles such benefit of action taken as there might otherwise have been.

4. My own relations with Dr. Millspaugh have been excellent and he has shown a very reasonable attitude towards Middle East Supply Centre [5 groups undec:] above mentioned charges. American Chargé d'Affaires is becoming anxious for he

does /

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223181

does not see how the required consent from the Russians is to be secured while Dr. Millspaugh has little or no support among the Persians. One suggestion which has been made to the American Chargé d'Affaires is that Dr. Millspaugh should confine himself to work for which he was originally engaged and should hand over his economic functions to some other American e.g. Dr. Black, former head of the Farm Credits Association who arrived recently to take charge of the bread and cereal section. One powerful group however, including a number of deputies, is determined to get rid of Dr. Millspaugh alleging that it would pay Persia to give a much higher salary to some American who knew the job.

5. In spite of qualms about Dr. Millspaugh in his relation not to us but to the Persians and to his own staff we have given him full support. Moreover I know how difficult it would be to raise the question of his competence with United States Government without appearing to be weakening in our support of changes in advisers in general and perhaps exposing ourselves to the charge of obstruction. It is not possible however that the United States Government should not have received criticisms of Dr. Millspaugh from their Embassy here and from Americans who have left the staff of the Millspaugh Mission and they ought therefore to understand that if asked whether, in view of the continued attacks on Dr. Millspaugh, the United States Government were convinced, we could safely press the Soviet Government to gice full support to the American advicer without making sure that there was nothing in the criticisms that called for examination.

6. Foreign Office please pass to Washington as my telegram No. 17.

[Repeated to Washington as No. 4338].

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Argentina

C223183

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

[The text of this telegram must first be paraphrased if communicated to persons outside British or United States Government service or if retransmitted in a cypher system other than O.T.P.]

[CYPHER] WAR CABINET DISTRIBUTION

FROM BUENOS AIRES TO FOREIGN OFFICE

Sir D. Kelly,
No.526
16th May 1944

D. 8.20 p.m. 16th May 1944
R. 5.10 a.m. 17th May 1944

Repeated to Washington
Rio de Janeiro
Santiago Saving
Montevideo Saving

... ...

Yesterday new Minister for Foreign Affairs invited and received visits of representatives of Holy See, Chile, Spain, Paraguay, Finland, Switzerland, Turkey, Portugal, Lithunia, Sweden Denmark and Bolivia. He also invited Norwegian Minister presumably on account of a reply sent in error during Norwegian Minister's absence at the beginning of non-recognition. Norwegian Minister consulted me and on my advice excused himself to Chef de Protocol. Swedish Minister called to-day and explained to me that he had felt he must go since Sweden had charge of Argentine interests in Germany and Japan, and Albanian and Hungarian interests in Argentina, and consulted his Government who instructed him to do so. He said conversation was limited to courtesies. In reply to question he said that Swedish Government have not recognised Argentine Government.

2. His precise situation is the more baffling as he also recently took a visiting Swedish Editor to call on President.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

C223184

[CYPHER] POLITICAL DISTRIBUTION

FROM ALGIERS (AMBASSADOR) TO FOREIGN OFFICE

Mr. Duff Cooper.
No. 582.
16th May, 1944.

D: 11.00 p.m. 16th May, 1944.
R: 2.10 a.m. 17th May, 1944.

@@@ @@@ @@@

IMMEDIATE

My immediately preceding telegram.

M. Diethelm who lunched with me to-day assured me that the resolution was a spontaneous gesture of goodwill towards the Committee on the part of the assembly, that de Gaulle had not been consulted, that the Committee would take no action and that everything would continue unchanged.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223185

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

[Cypher] WAR CABINET DISTRIBUTION

FROM MADRID TO FOREIGN OFFICE.

Mr. Yencken.
No.771.

16th May, 1944.

D. 12.00 p.m. 16th May, 1944.

R. 5.20 p.m. 16th May, 1944.

Repeated to Tangier.

- - - -

IMMEDIATE.

Tangier telegram No.183 to Foreign Office.

I am sending the First Secretary urgently to see the Head of the European Section to draw his attention to Orgaz's statements and ask him to inform Minister for Foreign Affairs immediately. The First Secretary will again urge the absolute necessity of liquidating the affair this week.

OTP.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] WAR CABINET DISTRIBUTION

FROM MADRID TO FOREIGN OFFICE

Mr. Yencken
No. 774.
16th May, 1944.

D. 6.35 p.m. G.M.T. 16th May, 1944.
R. 9.15 p.m. D.B.S.T. 16th May, 1944.

[ ] [ ] [ ]

MOST IMMEDIATE.

My telegram No. 768.

In view of the feeling which General Jordana showed at the beginning of this interview (he had been called back for it from Escorial) I did not make the question of closing the Consulate, and the departure of its personnel, before loading of the tankers, an ultimatum. To have done so would have created a crisis from which there might have been no [group undec. ? outlet]. His answer showed emphatically that he knew perfectly well what I meant. He also understood the danger of reopening the question with the Americans.

2. My interpretation of his point of view which has been evident to me by the manner of his ministry, is that he feels that he is implementing the agreement and that the facts mentioned in your proposed declaration (your telegram No. 585) prove that this is so. He says that the Germans feel far more strongly about the humiliation of having to close the Consulate than about wolfram or anything else. For them the removal of shield and flag is a symbolic thing not in the sense of an empty gesture as it is being interpreted in Tangier, but as the thing which matters most and hurts. It is the measure in the eyes of the whole world, of the extent to which Germany's power has weakened, and a pointer for the Germans to the ugly fact that Germany is losing the war. The Germans, moreover, are nervous of its effect upon their satellites. As a result he assures me that the present strain in Spanish-German relations is indescribable, and is being felt at every point. He says that I keep pressing him to fix a date for the final liquidation of the whole [? group omitted] and yet how can he do so when relations with the Germans are as he describes. He cannot get into the position of fixing a date and then finding that he must break faith with the Allies, or ask the Council of Ministers to use force. It is a matter of practical politics. It is not a matter of solicitude for the Germans, but one of handling them so as to secure the quickest results, and that they are not still very strong has yet to be proved.

3. .....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

3. With the removal of the shield and flag from the Consulate all consular prerogatives, he says, will automatically cease. The Germans under protest accepted the decision, and they will go, and they will go quicker if they are not further provoked and humiliated.

4. If, therefore, while the Spanish Government is implementing the agreement in every respect and showing progress, the Allies at their first opportunity refuse to permit loadings on May 21st, because all the consulate personnel have not left, that will be a positive breach of agreement, he will be accused of having given everything away and of having got nothing in return, his position will become impossible, the agreement will collapse and the Germans gain a diplomatic victory of the first order. Is this worth it, he asks, simply because of what he calls "the misguided agitation in Tangier and the reflection of it in London and Washington".

5. In these circumstances I feel that very careful consideration should be given to the possible effects of refusing loadings if and when the Consulatehas been closed and solely because its staff have not departed. It is unlikely, I understand that the Spanish tankers would be allowed to remain at Aruba. They would therfore, have to go to some port nearby and pay demurrage or be sent back to Tangier, the effect of which is incalculable. Already the Spanish authorities have been informed that June 1st loadings cannot take place, and they confidently expect to transfer them to June 11th. But we know there is a doubt about those loadings (see my telegram No. 763).

6. It is my considered opinion, and I feel bound to state it, that when the Spanish Government have shown their intention to implement the agreement by the positive steps already taken, His Majesty's Government and the United States Government must for their part respond by permitting this first loading on or about May 21st. If they do not, I fear we shall be risking the whole agreement with all the consequences already set forth in Sir S. Hoare's pre-agreement telegrams.

Please repeat to Washington as my telegram No. 212 and Tangier as my telegram No. 78 Important.

[Repeated to Washington as telegram No. 4337 and Tangier as No. 105].

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Spain

C223188

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[Cypher]. WAR CABINET DISTRIBUTION

FROM MADRID TO FOREIGN OFFICE

Mr. Yencken
No. 776
16th May, 1944.

D. 11.40 p.m. 16th May, 1944.

R. 8.10 a.m. 17th May, 1944.

Repeated to Tangier No. 79.

/////

My telegram No. 771 and Tangier telegram No. 183.

On being [?grp.omitted ?given] General Orgaz's time-table to read, to bring to [sic ?at] my special request to the urgent attention of the Minister for Foreign Affairs, the Head of the European Department told the First Secretary that he could not himself speak with certainty, but May time-table was likely to [?grp.omitted] out of date in view of my interview yesterday with Count Jordana. Official could not be pinned down to any definite dates but said repeatedly and with evident sincerity that he was personally quite sure that the question of the Tangier Consulate would be soon out of the way, how soon we should know when we received Spanish government's application for navicert for Consulate-General personnel. First Secretary could get no further, but left the official in no doubt of the extreme danger to the whole of the recent settlement if appearance of procrastination on the part of the Spanish, whatever might be the reality, resulted in outburst of public opinion against Spain in the United Kingdom or United States on eve of oil loadings. First Secretary's impression from the interview was that my talk with the Minister for Foreign Affairs may, notwithstanding the appearance to the contrary, have had the effect of stepping up the time-table and that [grp.undec ?time-table] in Tangier telegram under reference is in any case out of date.

Foreign Office please repeat to Washington as telegram No. 213.

[Repeated to Washington as Foreign Office telegram No. 4372].

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223189

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] WAR CABINET DISTRIBUTION.

FROM LISBON TO FOREIGN OFFICE.

Sir R. Campbell. D. 10.58 a.m. GMT 16th May, 1944.
No. 868.
16th May, 1944. R. 1.50 p.m. DBST 16th May, 1944.

Repeated to Washington,
Rio de Janeiro.

3 3 3

IMMEDIATE.
SECRET.

Your telegram No. 698 paragraph 3.

As you will see from my telegram No. 820, as amplified by my telegram No. 828, Dr. Salazar in reply to my enquiry specifically admitted the possibility of imposing a ceiling on German exports (presumably round about 900 tons which he estimated to be the maximum production of German mines).

2. Although the existence of a ceiling would not of course prevent illicit exports on a considerable scale, the fact that Dr. Salazar did not exclude it will involve some modification of the text contained in your telegram No. 699. In fact the whole third sentence of paragraph 4 thereof should be omitted. This does not (repeat not) invalidate your reasoning or necessitate any modification of the general line of your instructions.

3. Only comment which I have to make on these is that in computing the production of German mines you take Dr. Salazar's figure of 700 tons (the lowest which he mentioned as that to which production might conceivably drop). Whereas in computing exports for March/April you take our own figure of 260 tons (which Dr. Salazar will presumably contest). If he put his finger on this spot as he probably will, I would propose to say that your object was merely to suggest one way in which he might justify his case to the Germans. All however that you are interested in is the actual figures of monthly exports and that if he prefers to reach the same result by some other process of reasoning it will be all the same to you.

Foreign Office please pass to Rio de Janeiro as my telegram No. 3.

[Repeated to Rio de Janeiro No. 232].

(OTP)

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

C223190

[EN CLAIR]

POLITICAL DISTRIBUTION

FROM MOSCOW TO FOREIGN OFFICE

Sir A. Clark Kerr
No. 1295

D. 11.33 p.m. 16th May 1944
16th May 1944 R. 6.45 a.m. 17th May 1944

n n n

Please see Pravda May 14th, article entitled "International Review", which after emphasising importance of recapture Savastopol says Red Army had proved there were no impregnable fortresses and this would be evident when Allies land in Europe.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Prime Min

OUTWARD TELEGRAM

C223191

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].
KW.
[Cypher]. WAR CABINET DISTRIBUTION

FROM FOREIGN OFFICE TO BERNE

No. 1556 D. 9.20 p.m. 16th May, 1944.
16th May, 1944.

//////

IMMEDIATE

Your telegram No. 2070.

His Majesty's Government are appalled to learn of the killing of 47 Air Force Officers at Stalag Luft III. From the statements made to the representative of the Protecting Power by the senior British officers at the camp, it appears that these officers may have been murdered. This suspicion is deepened by the failure of the German authorities to notify the deaths immediately to the Protecting Power under the agreement concluded between us and German Government in August 1942.

2. Please ask Swiss Government to take up the matter at once with the German authorities at the highest level and to demand a full and immediate report on the circumstances in which these officers lost their lives.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Switzerland

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

C223192

[Cypher] POLITICAL DISTRIBUTION

FROM BERNE TO FOREIGN OFFICE.

Mr. Norton.
No.2159.

16th May, 1944.

D. 8.42 p.m. 16th May, 1944.
R. 6.30 a.m. 17th May, 1944.

- - - -

On May 14th, speaking at Congress of Radical Party, Swiss President stated inter alia neutrals were now the object of undesirable attention from belligerents and warned that pressure would become greater, although Swiss war material exports had been reduced voluntarily during the past two years by economic agreements with Germany. Reduction was not due to pressure but in conformity with the country's imperative requirements. It was desirable that armaments output be reduced as much as possible to avoid serious unemployment when production was suspended. This friendly gesture towards the Allies was not regretted but should pressure be renewed, Switzerland would defend her rights to live, as energetically as Sweden. This was received with applause.

2. Two other Federal Counsellors also made speeches during the week-end, emphasising rights and duties of the Swiss as neutrals, and the necessity of being ready to defend the country if attacked.

3. These declarations are due to the following considerations in the minds of Swiss Government.

(a) The Swiss people are apt to think that everything over bar the shouting and many newspapers are adopting tone highly provocative to Germany.

(b) Nevertheless Switzerland is ever more tightly surrounded by German armed forces.

(c) Germans still control Swiss communications with the outside world, their export trade and supply of raw materials especially coal.

Please repeat to Ministry of Economic Warfare.

OTP.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER]

WAR CABINET DISTRIBUTION

FROM WASHINGTON TO FOREIGN OFFICE

Viscount Halifax
No. 2558

D. 10.00 p.m. 16th May 1944
R. 8.35 a.m. 17th May 1944

16th May 1944

Repeated to Lisbon No. 159.

n n n

IMPORTANT

Lisbon telegram No. 794 to you.

Confidential.

Although we did not show telegram under reference to the State Department, they have apparently heard rumours from London that you believe them to be less anxious to take a strong line in Portugal than in Spain. They are unable to understand how this impression could have arisen, and whatever may be the attitude of the United States Ambassador at Lisbon, I can assure you that there is no tendency whatever here on the State Department's part to sit back. They had considered that it was best in this case to leave you to take the lead but they are ready at any moment to go into action. In fact I have no doubt that there will be very considerable reluctance here in many quarters to accept your proposed compromise settlement.

OTP

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Food
Wheat

C223194

[CYPHER] SPECIAL (FOOD CONFERENCE)

FROM WASHINGTON TO FOREIGN OFFICE

Viscount Halifax
No. 2571
16th May, 1944.

D. 11.11 p.m. 16th May, 1944.
R. 8.45 a.m. 17th May, 1944.

:-:-:-:-:-:

IMMEDIATE

NOISE

Following from Twentyman.

I have just been informed that the Canadian Government will propose the following amendments to the draft constitution. (A) (B) and (C) are regarded as important, (D) and (E) less important.

(A) To include the following additional sub-paragraph in Article 11.

[Begins] To promote adoption of policies designed to stimulate and expand international trade in food and agricultural products. [Ends].

(B) Article 11 (G) to read as follows:

[Begins] To promote either in co-operation with other international organisations, or on its own initiative, international policies with regard to agricultural commodity arrangements in conformity with the purpose of organisation as set forth in Article 1.

(C) Article 7 paragraph 4. The Canadian Government feels its approval of this Article should be reserved pending a general discussion of the whole question (to cover other international organisations) with the appropriate authorities in the United States and the United Kingdom. It is felt that an international convention might be adopted on this matter which will relate to various organisations already established or to be established. In the meantime, interim arrangements could be made direct with the organisation if it is established before a settled policy is adopted.

(D) Article 12 paragraph 5. Is it intended that South American States should supply copies of all the laws made by member states or provinces, and are all states expected to communicate the regulations, reports, etc., by local Governments, bodies or institutions? It is suggested that an undertaking to make such material available on request might be substituted for undertaking to communicate it.

(E) Article 13 paragraph 3. It is suggested that this might explicitly provide for sharing research and interchanging equipment.

2./.....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223195

2. You will probably dislike A, but I venture to advise against opposing it. The objective is wholly in line with United Kingdom postwar interests and the wording proposed, like that of paragraph (F) and (G) of Article 11, confines the functions to promote adoption of the policies, and does not confer any direct function or executive power.

3. B seems difficult - being apparently precisely what I have struggled, hitherto successfully, to avoid. But I cannot believe it means what it seems to mean and shall at once discuss it with Pearson and endeavour to secure its withdrawal or modification.

4. C is unobjectionable - and calculated to bring Canadian support for the amendment of Article 7 proposed in my earlier telegram of to-day. I will discuss with Pearson.

5. I have no particular views on D and E.

6. Canadian Government also raises one or two points for clarification but I need not trouble you with them.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

OUTWARD TELEGRAM

C223196

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

C /8.

[CYPHER] WAR CABINET DISTRIBUTION

FROM FOREIGN OFFICE TO WASHINGTON

No. 4322. 16th May, 1944. D. 8.45 p.m. 16th May, 1944.

Repeated to Madrid No. 592.

[ ] [ ] [ ]

MOST IMMEDIATE.

Madrid telegrams Nos. 763, 764 and 765 [of May 15th: oil for Spain].

We are at a loss to understand this further example of unilateral American action. We assume from Madrid telegram No. 764 that the United States Government are not postponing these loadings as a sanction against Spain. There would in fact be no justification for sanctions since our latest information shows that the Spanish Government are fulfilling their side of the recent agreement, which on our side committed us to immediate resumption of oil shipments. We hope, therefore, that only two particular loadings are in question and that the technical reasons can be satisfactorily explained to the Spaniards. Otherwise, and more particularly in view of our recent pressure concerning Tangier, this action may well be interpreted in Spain as a sanction, possibly with most unfortunate results. We consider that the Curacao loadings referred to in Madrid No. 765 should be confirmed immediately and that no publicity whatever should be given to the postponement of Aruba loadings, since such publicity would inevitably be misinterpreted.

2. Please speak immediately to the United States Government on above lines. These unilateral decisions of which we are not even informed in advance threaten to become dangerous as well as embarrassing. This is particularly so at a moment when Mr. Berthoud is in Madrid for the express purpose of associating His Majesty's Government more directly with oil arrangements in Spain.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

OUTWARD TELEGRAM

C223197

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] WAR CABINET DISTRIBUTION.

FROM FOREIGN OFFICE TO WASHINGTON.

No. 4323 D. 9.00 p.m. 16th May, 1944.

16th May, 1944.

Repeated to Madrid No. 593.

£ £ £ £ £

MOST IMMEDIATE.

My telegram No. 4322.

The Ministry of Fuel point out that they have not yet received details of loading programme. They think, however, that it should be possible to replace immediately at Curaçao the products which appear to be in short supply at Aruba. We should be very ready to consider this if United States Government would provide us with full particulars. Please discuss this possibility urgently with them.

O.T.P.

—

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Greece

C223198

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

[CYPHER]

WAR CABINET DISTRIBUTION

FROM BEIRUT TO FOREIGN OFFICE

Sir E.Spears
No. 299
16th May, 1944

D. 8.13 a.m. GMT. 17th May, 1944
R. 11.20 a.m.DBST.17th May, 1944

Repeated to MEMIN for Mr. Warner and to ResminMed.

777 777

IMMEDIATE

Following from Ambassador to Greece telegram No. 17

[Begins]

Secret

My telegram No. 11.

Before definite opening of conference to-morrow morning the only three delegates whom I had not yet seen visited me. Two of them M. Askoutsis and M. Stratis are members of E.A.M. group though neither is a Communist. They both emphasised E.A.M. was prepared to make sacrifices to achieve unity.

2. Askoutsis is a lawyer from Crete who prides himself on being the only member of the liberal party to have thrown in his lot with E.A.M. Stratis is Secretary General of the Railwaymen's Union and a Socialist.

3. Their story was the familiar one. E.A.M. was a coalition of the left-wing parties who alone fought the enemy while other political parties remained passive; E.A.M. represented youth; their sole desire was to fight Fascism.

4. I admitted that though they had done something in fighting the enemy, they had also done nearly as much in preventing others from doing so, that it was not a virtue to represent youth unless, unlike Hitler, they guided youth on democratic lines and that the fight against Fascism must mean the fight against the enemy and not against their political opponents conveniently described as Fascists. It was this kind of talk which had created Civil War in Greece and mutinies in Egypt. Quite a different approach was now needed. It was not a question of E.A.M. making sacrifices for the sake of national unity (that was the duty of everybody) but of making amends for having obstructed national unity. That was the real spirit for which this conference provided opportunity.

5. M. Papandreou assures me that my policy of telling the E.A.M. group a few home truths has caused no resentment. I think he must be right for members of the group have come one by one to receive this medicine and have all expressed

their...

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

their pleasure at having been able to discuss their affairs with an official representative of His Majesty's Government. What is more, I can detect no insincerity in this.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

C223200

[CODE] POLITICAL DISTRIBUTION.

FROM HOLY SEE TO FOREIGN OFFICE.

Sir D. Osborne. D. 10.20 p.m. 17th May, 1944.
No. 346.
16th May, 1944. R. 10.00 p.m. 18th May, 1944.

3 3 3

Cardinal Secretary of State tells me that See of Malta has been elevated to an independent Archbishopric (title of Archbishop has hitherto been conferred on incumbent personally) and that official announcement will shortly be made. I said I was sure that this decision would be welcomed both in London and in Malta.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

AMENDED DISTRIBUTION (17/5/44)

[CYPHER] POLITICAL DISTRIBUTION

FROM ALGIERS (AMBASSADOR) TO FOREIGN OFFICE

Mr. Duff Cooper.
No. 581.
16th May 1944.

D. 8.45 a.m. 17th May 1944.
R. 10.50 a.m. 17th May 1944.

0:0:0:0

IMMEDIATE

My telegram No. 579.

It is not clear what is intended by this premature action on the part of the Consultative Assembly which only recently adopted an ordinance (see my despatch No. 234) laying down in Article 25 that it would be for representative assembly (representing over two-thirds of France) to elect a President who would then form Provisional Government.

2. It now remains for French Committee of National Liberation to take note of and ratify if they think fit resolution adopted by Assembly. It seems unlikely however that resolution was put without de Gaulle's approval and in to-day's press it is acclaimed as a fait accompli.

3. Encouraged by French successes in Italy and irritated by slights to which they consider they have been submitted Committee no doubt wish to assert themselves in the eyes of other nations and of their fellow countrymen in France at this moment when they believe operations on French soil are imminent of which they have been kept in complete ignorance.

4. It will be interesting to see the attitude adopted by Soviet Government whose representative in Algiers has been lately in very close touch with members of the Committee.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223202

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

[CYPHER] WAR CABINET DISTRIBUTION

FROM ALGIERS (AMBASSADOR) TO FOREIGN OFFICE

Mr. Duff Cooper.
No. 581.
16th May 1944.

D. 8.45 a.m. 17th May 1944.
R. 10.50 a.m. 17th May 1944.

0:0:0:0

IMMEDIATE

My telegram No. 579.

It is not clear what is intended by this premature action on the part of the Consultative Assembly which only recently adopted an ordinance (see my despatch No. 234) laying down in Article 25 that it would be for representative assembly (representing over two-thirds of France) to elect a President who would then form Provisional Government.

2. It now remains for French Committee of National Liberation to take note of and ratify if they think fit resolution adopted by Assembly. It seems unlikely however that resolution was put without de Gaulle's approval and in to-day's press it is acclaimed as a fait accompli.

3. Encouraged by French successes in Italy and irritated by slights to which they consider they have been submitted Committee no doubt wish to assert themselves in the eyes of other nations and of their fellow countrymen in France at this moment when they believe operations on French soil are imminent of which they have been kept in complete ignorance.

4. It will be interesting to see the attitude adopted by Soviet Government whose representative in Algiers has been lately in very close touch with members of the Committee.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223202

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

[CYPHER] WAR CABINET DISTRIBUTION

FROM ALGIERS (AMBASSADOR) TO FOREIGN OFFICE

Mr. Duff Cooper.
No. 581.
16th May 1944.

D. 8.45 a.m. 17th May 1944.
R. 10.50 a.m. 17th May 1944.

0:0:0:0

IMMEDIATE

My telegram No. 579.

It is not clear what is intended by this premature action on the part of the Consultative Assembly which only recently adopted an ordinance (see my despatch No. 234) laying down in Article 25 that it would be for representative assembly (representing over two-thirds of France) to elect a President who would then form Provisional Government.

2. It now remains for French Committee of National Liberation to take note of and ratify if they think fit resolution adopted by Assembly. It seems unlikely however that resolution was put without de Gaulle's approval and in to-day's press it is acclaimed as a fait accompli.

3. Encouraged by French successes in Italy and irritated by slights to which they consider they have been submitted Committee no doubt wish to assert themselves in the eyes of other nations and of their fellow countrymen in France at this moment when they believe operations on French soil are imminent of which they have been kept in complete ignorance.

4. It will be interesting to see the attitude adopted by Soviet Government whose representative in Algiers has been lately in very close touch with members of the Committee.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

France

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

C223203

[CODE R] POLITICAL DISTRIBUTION

FROM ALGIERS (AMBASSADOR) TO FOREIGN OFFICE

Mr. Duff Cooper.
No. 583.
16th May, 1944.

D. 2.5 p.m. 17th May, 1944.
R. 8.40 p.m. 17th May, 1944.

99999999

My telegram No. 564.

Foreign Affairs debate continued on May 15th. It was opened by Lapie, former Deputy, whose speech was an uncompromising attack on M. Massigli. He complained that it was impossible to detect any defined policy. No one knew position of France in Allied Councils. Delegate took country by country and asked for informations as to Government policy with regard to each one. He deplored that diplomatic representation in Cairo, America and Russia was hopelessly inadequate. In Russia at least Normandy squadron had contributed to French prestige. M. Massigli's statement on May 12th had been marked by an optimism without results. The Clark-Darlan agreement was still subject of negotiation. No conclusion had been reached over the civil administration in France. No assurance could be given that France would be consulted over German armistice terms. Lapie made four concrete suggestions.
(a) French policy should aim at establishing a link between Russian and American viewpoints.
(b) Rhineland and Ruhr should be internationalised.
(c) France should speak not as metropolis but as French Federation incorporating the whole Empire.
(d) Peace treaties must be based on an economic structure.

2. Last point was developed by Poimboeuf, Resistance delegate who spoke in detail of petroleum situation and argued that internationalisation of production and distribution was a necessary guarantee against petroleum becoming casus belli of another world upheaval. Costa, the Tunisian delegate, criticised the policy of Government with regard to Tunisia, and Aurange from Morocco made a violent attack on M. Puaux, Resident General. Vallon Resistance delegate complained that absence of any French Government representation on Allied Conferences was incomprehensible. He asked what was holding up recognition-was it inadequate representation abroad? Perrin, overseas delegate from United States, supported Senateur Cuttoli's speech on May 12th regarding the Vichy taint in French diplomatic service and pleaded for close co-operation with America in post-war period. Costa during his speech raised Clark-Darlan agreement and asked for further information.. Thereupon General de Gaulle intervened.
(Begins).....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

(Begins)
"I must state publicly that France does not consider herself in any way bound by arrangements which may formerly have been made between Allied military authority on one side and Darlan on the other. Besides time has passed and many de facto changes - for it was a de facto situation have been made in working of what is called here, I do not know why, the Darlan - Clark agreements". (Ends)

3. Madame Simard, delegate for French Canada, made her maiden speech as a woman delegate in Assembly. With ease and charm she pleaded for sympathy and aid of France for those of Fighting French Committee in Canada who since 1940 had tried to uphold honour and ideals of Mother Country.

4. Gazier on behalf of C.G.T. moved a resolution that French Committee for National Liberation should in future be known as Provisional Government of the French Republic. Amidst acclamation it was adopted unanimously. An order of the day expressing confidence that Committee would, in co-operation with Allies
(a) make all practical arrangements in French Liberated territories
(b) provide for all Armistice and treaty provisions and
(c) set up an international organisation for preservation of peace, was adopted.

5. Debate was closed with a speech by General de Gaulle who had been present throughout. The President of Assembly introduced him as "Chef du gouvernement provisionnel de la Republique Française". The General said it was natural that a debate on foreign affairs at present moment should mark a feeling of dissatisfaction. The desire that France should have a more dynamic foreign policy and, in second place, that her position among World Powers should be defined, was natural. He made point that Frenchmen should not be surprised if even their best friends after 1940 should have their doubts about France. Indeed Frenchmen themselves had had their doubts. But they were justified to-day in saying to the world that there could be no possible doubt as to the real France. That reality was proved by French resistance, by Empire, and by French soldiers fighting in Italy. The general then read extracts from two telegrams he had received from General Juin. He ended by stressing that they had already begun to forge future France and they must continue to do so themselves with their own hands: "Poursuivons donc notre chemin".

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Egypt

C223205

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER]

WAR CABINET DISTRIBUTION

FROM CAIRO TO FOREIGN OFFICE

Lord Killearn
No. 1005 D. 8.40. a.m. GMT 17th May 1944

16th May 1944 R.11.30. a.m. DBST 17th May 1944

8 8 8 8

My telegram No. 977.

I duly presented Maharajah of Jaipur to King Farouk this morning.

2. After the Maharajah had left us, I stayed on and had half an hour's conversation with His Majesty whom I found in much more genial and receptive mood.

3. I told him that since seeing him I had had a long talk with Nahas Pasha as a result of which I hoped the matter might proceed more amicably and with less friction between the Palace and the Government. I had even ventured to quote to Nahas Pasha King Farouk's remark to me that there could not be two kings in Egypt: a reference to which His Majesty said he was much pleased that I should have made.

4. King Farouk confirmed that so far matters were going better; but it was too early to form opinions.

5. I reminded His Majesty of his other previous remark to me that we two had in the past "crossed words" without raking up the past at all, I did greatly hope that His Majesty would now dismiss any such idea from his head, I could assure him, believe it or not as he liked, that I was genuinely anxious to keep the matter on a truly friendly and co-operative basis. [Grp. undec.] although without offence it would be so much wiser if he could keep in close touch with me and sound me out in advance before landing such things as the recent incident. I always blamed Ali Maher for having poisoned His Majesty's mind against the Embassy. His Majesty did not take any of this in the least amiss - indeed he appeared to concur in it. He was always very ready to see me - as indeed he always has been. And he gladly noted my readiness at all times to try and help to keep things smooth with His Majesty's Government.

6. His Majesty then turned to this imminent [grp. undec. ?opening of] second front regarding which I had of course no information to give him.

/ 7.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223205

7. It looks as though the outspoken language of Murad Mohsen Pasha recorded in my telegram No. 110 Saving of yesterday may have [grp. undec. ?found] some effect. Certainly it is that His Majesty's general attitude and mood were very different to the last time I saw him - see my telegram No. 888.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Food Conference

C223207

[The text of this telegram must first be paraphrased if communicated to persons outside British or United States Government service or if retransmitted in a cypher system other than O.T.P.]

[CYPHER] SPECIAL (FOOD CONFERENCE)

FROM WASHINGTON TO FOREIGN OFFICE.

Viscount Halifax D. 12.04 a.m. 17th May 1944
No.2570
16th May 1944 R. 10.30 a.m. 17th May 1944.

QQQQQ

IMMEDIATE.

Noise.

Following from Twentyman.

My telegrams Nos.2391 and 2439.

I suggest that I be instructed to accept proposals for amendment reported in above mentioned telegrams except as follows:

(a) Support retention of "the United Nations" in the title in heading and the body of the revised preamble, but not in the opening words of the preamble. Accept majority decision.

Note: "International" is colourless and a little threadbare and to drop "United Nations" now may be politically and psychologically unwise. I know of no really valid objection to United Nations. U.S.S.R. are likely to favour its retention. In last resort choice is largely a matter of personal feeling on which majority view should prevail. But if we drop "United Nations" from the constitution what are we to do about declaration?

(b) Article XV paragraph 2. Proposal here is to insert "technical" before "agencies", but this is not very satisfactory and I suggest that I be authorised to move that this paragraph be omitted.

(c) Article XX. Press for retention of five years and two years, but accept majority decision.

2. You will no doubt have views on the other proposed amendments. I am not happy about those in Article X(3) Article XIII and the signature clause, and should appreciate guidance.

3. I suggest that I be instructed to move amendments as follows in addition to deletion of Article XV paragraph 2.

(a) Article II(2). Add at end "as it may have been amended at the date of acceptance".

(b) Article VII(4). Add at end "or alternatively to accord to those other members of the staff those

/ immunities

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

immunities and facilities which hereafter be accorded to equivalent members of the staff af other public international organisations".

4. I have tried to devise amendments that would

(a) limit the generality of Articles I and XI(j).
(b) restrict the organisation's functions in respect of non-food agricultural products, and
(c) emphasise the non-executive character of the organisation's functions,

but I can think of none that would not introduce too much rigidity. In any event I feel sure that such amendments would arouse suspicion, discouragement and opposition and that the net effect of proposing them would be disadvantageous and I therefore recommend that we propose no such amendment. This recommendation is admittedly based on my strongly held opinion that the dangers against which such amendments would be directed are not serious dangers and that to the extent that they may exist they can wisely and effectively be met only the influence we can bring to bear hereafter. See paragraph 6 of Annex WP(44) 161. In particular, I believe the antepenultimate sentence 9 and 7 of that paper to be almost without foundation.

5. I very much hope you will not ask for amendment of Article XI(f) and (g). The Senate Committee's redraft made these read [Begins] The organisation shall promote and where appropriate recommend national and international action with respect to .....

(e) the provision of adequate international credit.
(f) international policies concerning agricultural commodities. [Ends] Whether it was intended or not the effect of this change seemed to be to give the organisation powers not given by the original wording, e.g. a power to promote the provision of agricultural credit could be interpreted as a power to establish a bank where the function "to promote the adoption of policies for the provision etc." cannot be so interpreted. I resisted this change accordingly and the present form of Article XI as proposed by the State Department retains the original wording.

6. If you feel it necessary to give me instructions to press for other amendments, I hope they will be expressed in terms of substance, e.g. "an amendment to provide (a) or to make it clear that (b) "and that you will feel able to leave the actual drafting to my discretion. It would be embarrassing in view of what has happened for me to have to propose merely drafting amendments.

7. It is I believe desirable that I should be in a position to proceed not later than June 1st. if the next meeting of the interim commission is deferred much later than that, it will clash with the U.N.R.R.A. meeting at Montreal on June 23rd, and if possible we should get the interim commission meeting over before then. This meeting will of course be protracted, since delegates will have to consult their governments on proposed amendments during the course of the meeting.

/ (Amendment.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

(Amendment paragraph 4). Articles I and XI(j), (b) restrict (b) omitted in error. Last sentence of same paragraph please read sentence 9 paragraph 7 of that paper instead of "and".

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Vatican

C223210

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

[CYPHER] WAR CABINET DISTRIBUTION

FROM WASHINGTON TO FOREIGN OFFICE

Viscount Halifax D. 7.28 p.m. May 17th, 1944.
No. 2573 R. 5.05 a.m. May 18th, 1944.

May 16th, 1944.

b b b b

Your telegram No. 4166.

State Department would like to defer consideration of points raised in paragraphs 2 and 3 of your telegram under reference for 3 or 4 days, largely with the present military operations in mind. They are reluctant to refuse Vatican's request at a time when they feel the Allied capture of Rome might be imminent.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Uruguay

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

C223211

[EN CLAIR]. POLITICAL DISTRIBUTION.

FROM MONTEVIDEO TO FOREIGN OFFICE.

Mr. Vereker. D. 12.30 p.m. May 17th, 1944.
No. 147.

May 17th, 1944. R. 11.15 p.m. May 17th, 1944.

Repeated Lima
Washington SAVING.

yyyyy

My telegram No. 140.

Yesterday Bill received unanimous approval Senate during session at which I was present. Tributes of warm affection towards Great Britain made by representatives all parties including President Senate and at proposal of Herreristas motion was carried by acclamation by all present standing thus constituting a precedent in Uruguayan parliamentary history. Text of notes exchanged with this mission was ready by Foreign Minister.

Full report follows by despatch.

Bill regarding Uruguayan Embassy Peru also approved.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Valeza

OUTWARD TELEGRAM

C223212

[The text of this telegram must first be paraphrased if communicated to persons outside British or United States Government service or if retransmitted in a cypher system other than O.T.P.]

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] WAR CABINET DISTRIBUTION

FROM FOREIGN OFFICE TO HOLY SEE

No. 173. D. 5.15 p.m. 17th May 1944.

17th May 1944.

rrrrrr

Your telegram Nos. 286 and 296 [of April 26th and April 30th: Vatican request that Assisi be declared a "hospital city"]

You should inform Vatican that, while it is not practicable to declare Assisi a hospital city, every possible precaution will be taken to safeguard its hospitals and art treasures. Allied military authorities are fully conscious of need to ensure that historical and religious buildings in Italy of permanent value to civilisation are not damaged or destroyed and strict instructions to this effect, specifically including Assisi, have been issued to all services. Extent to which this objective can be achieved depends on use which enemy makes of cities and towns in which hospitals and art treasures are situated.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223213

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

[CYPHER]

WAR CABINET DISTRIBUTION

FROM TANGIER TO FOREIGN OFFICE

Mr. Gascoigne
No. 191
17th May, 1944

D: 7. 49 a.m. GMT 17th May, 1944

R: 10 a.m. DBST 17th May, 1944

Repeated to Madrid No. 164
Tetuan Saving

p p p

MOST IMMEDIATE

My telegram No. 186.

Shield of the German Consulate was taken down last night.

2. I shall see the Head of the Diplomatic Cabinet as soon as possible to enquire whether provision 3(a) of Madrid telegram No. 768 to you is to be fully implemented or whether we can only assume that the Consulate had been "symbolically" closed.

OTP.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

AMENDED DISTRIBUTION (17/5/44)

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

[CYPHER] WAR CABINET DISTRIBUTION

FROM TANGIER TO FOREIGN OFFICE

Mr. Gascoigne
No. 192.

D. 10.45 a.m. GMT May 17th, 1944.
R. 1.40 p.m. DBST May 17th, 1944.

May 17th, 1944.

Repeated to Madrid No. 165,
Tetuan Saving

b b b b

MOST IMMEDIATE

Agents Tangier have just informed me that German Consulate General is officially closed to the public and that "in a few days" personnel will leave Tangier.

2. Asked whether the Germans were forbidden to send telegrams in cypher General Uriate stated that they might continue to send such telegrams until to-morrow night.

3. In answer to my question as to whether I could count on receiving passports of German personnel for the purpose of necessary travel permits he stated that the High Commissioner would presumably be speaking to me about this in the near future.

4. I am seeing head of Spanish Diplomatic Cabinet later to extract, I hope, confirmation of the above.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

OUTWARD TELEGRAM

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

C223215

A.S. 2571/78/2

[CYPHER]

WAR CABINET DISTRIBUTION

FROM FOREIGN OFFICE TO BUENOS AIRES

No. 344 D. 3.35. p.m. 17th May 1944

17th May 1944

Repeated to Washington No. 4343.

8 8 8 8

Your telegram No. 500 [of May 11th Situation in Argentina] last paragraph.

However injudicious the policy of United States Government towards Argentina may have been we see serious objections at present to the course which you suggest. The United States claim throughout Latin America by virtue of Pan Americanism and the good neighbour policy, a paramount position and role which it is not our policy to challenge during the war. In view of this and of the many matters in regard to which we hope United States Government will defer to our views in other spheres, Mr. Stettinius was given a categorical assurance that we would support the United States Government in their Argentine Policy. This need not necessarily debar us, if and when the situation becomes so acute as to constitute a real and imminent danger to our supplies, from asking Mr. Hull very seriously to consider whither his policy is in practice leading us and whether it would help him with United States public opinion and in other ways, if we were to take the initiative in trying to promote a settlement.

2. We cannot at present argue that issues vital to the prosecution of the war are directly and immediately at stake. We could only argue thus if Mr. Hull reverted to the idea of sanctions, or if the risk of an Argentine supplies embargo became more serious.

3. Meanwhile we await the United States approach fore-shadowed in paragraph 5 of Washington telegram No. 302 to Buenos Aires.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Iran

C223216

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] WAR CABINET DISTRIBUTION

FROM TEHRAN TO FOREIGN OFFICE

Sir R. Bullard.
No. 507.

17th May 1944.

D. 1.19 p.m.G.M.T. 17th May 1944.
R. 4. p.m.D.B.S.T. 17th May 1944.

Repeated to Government of India
Bagdad
M.E. Min. } copy by bag.
Moscow

rrrrrr

IMPORTANT

My telegram No. 466.

There is no enthusiasm for Saed's Government. Apart from the outery against Millspaugh Mission, he is being attacked for

a. Appointment of Reza Afshar as Governor General Isfahan .

b. Presentation of a bill designed to secure exceptional powers for the Government.

2. Tension in Isfahan factories between owners and work people and between parties among work people themselves became serious and the Governor General resigned. The Prime Minister appointed Afshar after reports that we had nothing against him but the appointment has been widely attacked on the ground that Afshar received sentence for corruption under the late régime including permanent deprivation of the right to hold public office.

3. It was mainly the Isfahan troubles which induced the Cabinet to table [grp.undec.] clause bill giving the Cabinet authority so long as Persia is at war,

a. To treat state officials in the same way as military personnel.

b. To subject factories, whether state or private, to a similar military régime

c. To compel or forbid to live in a given place any person who acts against war interests of Persia or her allies or who disturbs or tries to disturb public order.

The bill has had bad press and is unlikely to become law.

It/.....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C2232164

It has been suggested in some quarters that Saed is a cat's paw whose business is to get the bill passed and then to retire in favour of a dictator. This groundless suggestion is perhaps part of campaign against Seyed Zia whose newspaper at first praised the bill. I regard the bill merely as hasty production of a well meaning amateur confronted with an internal situation which he does not understand.

4. Meanwhile peace seems to have been patched up for the moment at least in Isfahan.

Foreign Office please pass to Government of India as my telegram No. 155.

[Copies sent to Telegraph Branch India Office for repetition].

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

C223217

[CYPHER] POLITICAL DISTRIBUTION

FROM ALGIERS (AMBASSADOR) TO FOREIGN OFFICE

Mr. Duff Cooper.
No. 586.
17th May, 1944.

D: 10.10 p.m. 17th May, 1944.
R: 5.30 a.m. 18th May, 1944.

@@@ @@@ @@@

My telegram No. 581.

In an official communiqué published in the press on May 17th it is stated that French Committee of National Liberation have taken note of assembly resolution that they should assume the title of Provisional Government of Republic and in order to give early effect thereto will in due course publish a proclamation which will not in any way modify provisions of that of April 21st., 1944.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223216

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] WAR CABINET DISTRIBUTION

FROM TEHRAN TO FOREIGN OFFICE

Sir R. Bullard.
No. 507.

17th May 1944.

D. 1.19 p.m.G.M.T. 17th May 1944.
R. 4. p.m.D.B.S.T. 17th May 1944.

Repeated to Government of India
Bagdad
M.E. Min. } copy by bag.
Moscow

rrrrrr

IMPORTANT

My telegram No. 466.

There is no enthusiasm for Saed's Government. Apart from the outery against Millspaugh Mission, he is being attacked for

a. Appointment of Reza Afshar as Governor General Isfahan.

b. Presentation of a bill designed to secure exceptional powers for the Government.

2. Tension in Isfahan factories between owners and work people and between parties among work people themselves became serious and the Governor General resigned. The Prime Minister appointed Afshar after reports that we had nothing against him but the appointment has been widely attacked on the ground that Afshar received sentence for corruption under the late régime including permanent deprivation of the right to hold public office.

3. It was mainly the Isfahan troubles which induced the Cabinet to table [grp.undec.] clause bill giving the Cabinet authority so long as Persia is at war,

a. To treat state officials in the same way as military personnel.

b. To subject factories, whether state or private, to a similar military régime

c. To compel or forbid to live in a given place any person who acts against war interests of Persia or her allies or who disturbs or tries to disturb public order.

The bill has had bad press and is unlikely to become law.

It/.....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C2232164

It has been suggested in some quarters that Saed is a cat's paw whose business is to get the bill passed and then to retire in favour of a dictator. This groundless suggestion is perhaps part of campaign against Seyed Zia whose newspaper at first praised the bill. I regard the bill merely as hasty production of a well meaning amateur confronted with an internal situation which he does not understand.

4. Meanwhile peace seems to have been patched up for the moment at least in Isfahan.

Foreign Office please pass to Government of India as my telegram No. 155.

[Copies sent to Telegraph Branch India Office for repetition].

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

C223217

[CYPHER] POLITICAL DISTRIBUTION

FROM ALGIERS (AMBASSADOR) TO FOREIGN OFFICE

Mr. Duff Cooper.
No. 586.
17th May, 1944.

D: 10.10 p.m. 17th May, 1944.
R: 5.30 a.m. 18th May, 1944.

@@@ @@@ @@@

My telegram No. 581.

In an official communiqué published in the press on May 17th it is stated that French Committee of National Liberation have taken note of assembly resolution that they should assume the title of Provisional Government of Republic and in order to give early effect thereto will in due course publish a proclamation which will not in any way modify provisions of that of April 21st., 1944.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Portugal

OUTWARD TELEGRAM

C223218

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

(C 6586/177/G)

[CYPHER] WAR CABINET DISTRIBUTION.

FROM FOREIGN OFFICE TO LISBON.

No. 715. D. 7.45 p.m. 17th May, 1944.
17th May, 1944.

Repeated to Washington No. 4362,
Rio de Janeiro No. 235.

3 3 3

IMMEDIATE.
SECRET.

Your telegram No. 868 [of May 16th: wolfram].

I do not (repeat not) think it necessary to ask the Prime Minister to modify his proposed message to Dr. Salazar as suggested in your paragraph 2. No ceiling was mentioned in Dr. Salazar's original offer as reported in your telegram No. 820 [of May 9th] and I see no reason why the Prime Minister should in his message take account of the fact that Dr. Salazar subsequently quoted a very tentative estimate of the total that would go to Germany under his proposal. Indeed I see definite advantage in retaining this passage in the message since it brings out clearly the difference between Dr. Salazar's approach to the problem and our own.

2. I agree with your paragraph 3.

3. As regards delivery of the message (your telegram No. 869) I think it best that you should deliver it when the moment comes as a telegraphic message. If you think it necessary, a confirmatory copy signed by the Prime Minister could no doubt be sent to him later. For you to await the arrival of the signed original would mean further and dangerous delay, particularly as last minute amendments may have to be made in the light of consultations with United States Government. I see no objection to, and indeed considerable advantage in a preliminary conversation with the Duke of Palmella and to the Prime Minister's message being delivered 24 hours in advance of your interview with Dr. Salazar, as suggested in your telegram No. 836 [of May 11th].

4. Confirmatory copies of my telegrams Nos. 698 and 699 are being sent to you by bag.

(OTP)

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223219

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

[CYPHER] WAR CABINET DISTRIBUTION

FROM MADRID TO FOREIGN OFFICE

Mr. Yencken
No. 778

D. 12.05 a.m. GMT May 17th, 1944.
R. 2.55 p.m. DBST May 17th, 1944.

May 17th, 1944.

b b b b

MOST IMMEDIATE

My telegram No. 774.

I attach great importance to measures taken by the Spanish authorities to stop smuggling of wolfram reported in my telegrams 558 and 561 Arfar. It has always been the view of the Embassy's experts that paralysation of all movements of wolfram is the only effective way of preventing smuggling of it.

2. These measures are further concrete evidence of Spanish good faith over the agreement and of their determination to carry it out in practice. I feel bound therefore to express the opinion, which we all here [? grps. omitted] steps already taken by Spaniards to carry out the terms of the agreement should be taken as a whole and that not [sic ? now] that as reported in Tangier telegram No. 191 to Foreign Office the German Consulate General has been closed we should show our good faith by permitting loading of tankers when they arrive on May 21st. This first loading has now become symbolic for General Jordana and he hopes and I feel he is entitled to this public justification of his policy. If there is undue delay over departure of consular staff we can reconsider the position over next loadings.

3. While I cannot speak for the United States Ambassador who is in Barcelona the above is also the view of the United States Counsellor.

Please repeat this telegram to Washington as my telegram 214 and my telegram No. 558 Arfar as my telegram No. 215 respectively. Also repeat to Tangier as my telegram 80.

[Repeated to Washington and Tangier under Foreign Office Nos. 4557 and 107 respectively, and Madrid telegram No. 558 Arfar repeated to Washington under Arfar No. 1063]

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG.26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223220

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

[CYPHER]

WAR CABINET DISTRIBUTION

FROM MADRID TO FOREIGN OFFICE

Mr. Yencken
No. 779

May 17, 1944

D. 5.20 p.m. May 17, 1944

R. 8.00 p.m. May 17, 1944

& & &

IMMEDIATE

[Grp. undec: ? Your telegram No. 300] 64.

United States Counsellor informs me that he received a telegram from [grp. undec:] this morning to the effect that speaking generally Anglo-American-Spanish agreement had been very favourably received in United States. They are pointing out however that while the public had no doubt that the German Consulate in Tangier would be closed and its staff repatriated, delay in accomplishing this was beginning to cause the favourable atmosphere created by agreement [grp,undec: ? to] diminish. [Grp. undec:] therefore though Spanish Government would be made aware of this.

Please repeat to Washington as my telegram No. 216 and Tangier as my telegram No. 81.

[Repeated to Washington as telegram No. 4383 and Tangier as No. 109]

[OTP]

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Greek

C223221

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] AMENDED DISTRIBUTION (18th May, 1944)

WAR CABINET DISTRIBUTION

FROM CAIRO (MINISTER RESIDENT) TO FOREIGN OFFICE

Lord Moyne
No: 1256
17th May, 1944.

D. 3. 15 p.m. 17th May, 1944.
R. 5. 55 p.m. 17th May, 1944.

Repeated to Remin Med.

11111

IMMEDIATE

PILOT

As already notified to you from Beirut we are sending English and Greek text of Papandreou's opening speech at conference. This is an advance copy. We will advise you of time and date of release as soon as known.

[En clair begins].

Text of the Prime Minister's opening address to the Greek Political Conference in the Lebanon on the 17th May, 1944.

The Prime Minister, M. George Papandreou, welcomed the representatives of the Political Parties and of the National Liberation Organisations. The fact he said that we are meeting in this distant and hospitable land and that we have come from so many different starting places proves how critical is the condition of our country. The Greek people is groaning to-day under the yoke of two inhuman tyrants the Germans and the Bulgarians and yet at no other hour of her history has she shown a more heroic national spirit and a greater readiness for self sacrifice. The Barbarian invaders are striking down the body of our people but they are strengthening its soul. It is not the foreign invader but unfortunately civil war which is fatally undermining our future because this strikes at the soul of our people and offends the honour of the nation. The cessation of the civil war and the unification of all our national forces against the Barbarian invaders for the liberation of our country is the reason for our meeting to-day. M. Papandreou went on to explain that on undertaking the office of Prime Minister he had set himself as his principal mission the realisation of national unity and that he had in his initial declarations of policy drawn the general line of the national programme for the fulfilment of which the forthcoming Government of national unity ought to strive.

For the general direction of the discussions he proposed

that/

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223222

that this national programme should be used as a basis concerning which each of the representatives would express his point of view. M. Papandreou then went on to a wider development of his declarations of policy. The first heading concerned the reorganisation of the armed forces of the Middle East. The Prime Minister described the recent mutiny as a crime against the nation. I will call upon M. Venizelos, he said, who was Minister of Marine and Prime Minister during the days of the mutiny to give to the representatives present a ful description of the criminal mutiny which has harmed the Allied war effort, served only the enemy and deeply wounded the honour of Greece. M. Papandreou announced that already an energetic enquiry is being undertaken to discover the promoters of the mutiny who would be severely punished. He added, I promised in my proclamation that we would without delay pursue the reorganisation, the restoration of discipline and the inspiration of our armed forces. I am in the happy position of being able to report to you that my charge is being executed. The blue and white flag is flying high again, units of our fleet have begun already to be put back into active service, the army is being re-organised and the time will be short before it will be found facing the enemy, in order that the epic of Albania may be renewed. The Prime Minister entered then on an examination of the Guerrilla struggle in the mountains of Greece and of the reign of terror which exists in the Greek countryside. The situation of our country to-day is an inferno, said M. Papandreou. The Germans are killing, the security battalions are killing, the Guerrillas too are killing. They are killing and burning, what is going to be left of this unhappy country, it is the responsibility of E.A.M. that they did not only look towards the liberation struggle but wished to prepare in advance for their own domination after the war. Therefore their first aim was to monopolise the national struggle. They did not allow anyone else to take to the mountains and fight the invader. They prevented Greeks from fulfilling their patriotic duty. An old example of this is Colonel Saraphis who is here to-day. A recent example is Colonel Psaros who is not here. [Ends].

See my immediately following telegram.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

AMENDED DISTRIBUTION (18.5.44.)

[EN CLAIR] WAR CABINET DISTRIBUTION

FROM CAIRO (MINISTER RESIDENT) TO FOREIGN OFFICE

Lord Moyne
No. 1257. D. 9.25. p.m. 17th May, 1944.

17th May, 1944. R. 2.05. a.m. 18th May, 1944.

****

IMMEDIATE
PILOT

See my immediately preceding telegram.

The second aim which E.A.M, pursued was the terrorisation and the annihilation of their opponents. They made themselves into a State within the State. The opponents of E.A.M. were considered as enemies of the country. Such a condition of affairs only occurs in a Fascist system in which the party is identified with the State, but in democratic countries- and it is our desire to be a democratic country and that is what we are fighting for- the party does not subdue the State, it comes under the State and the army does not belong to the party but to the State. This terrorist activity on the part of E.A.M. and Elas has created a psychological atmosphere which has enabled the Germans to achieve in the third year of their rule what they had failed to effect in the first two years- the creation of the security battalions whose aim was internal strife. This is the way in which the vicious circle was created in whose toils our people are now being tried. Andarte bands, national organisations, security battalions, each neutralises the other. The help which the Allies are giving to the fighting bands is given almost in vain and in vain are the untold sacrifices of the Greek people. Only the Germans succeed in remaining aloof and mock ironically at the Greeks and the Allies. This is the vicious circle from which we must escape as quickly as we can. There is only one way, the abolition of a class army and the formation of a national army. The precise way to achieve this cannot of course be a matter for public discussion, but when once a national army has been formed, when the reign of terror in the Greek countryside has been abolished and when the security of the individual and political freedom have been fully re-established, then not only will a further increase in the security battalions be impossible, but those which now exist will assuredly be rendered of no use, for the Greek does not exist who would dream of setting himself in opposition to a Greek army which was obedient to the orders not of organisations, parties and classes, but of a united Fatherland. An objective appreciation of the situation to-day lends to this conclusion our national interest, and the interest of the common Allied war effort require that we should straightway escape from this vicious circle and that a national army should be formed which obeys the orders of the Government. In this way the Germans will once more find themselves few and alone as they really are face to face with the whole heroic nation.

The Prime Minister after next developing briefly the other points

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

points in his national programme concluded as follows: full national unity between all the political parties of the country and the national liberation organisations already exists. The one outstanding question is whether E.A.M, is going to participate in this national unity and the main question at issue is the military question, the question of material strength. This is a historic moment and we must speak frankly and without periphrasis. If the E.A.M., which in the beginning with its watchword of liberation roused into action the broad masses of the people and excited the enthusiasm of the younger generation, but which to-day now that its political aims and its terrorist methods have been laid bare, represents only a small organised and armed minority confronting the great unorganised and unarmed majority of the Greek people, if the E.A.M. proposes to use that material force which it has gained, thanks to the patriotism of the people and the help of the Allies, as an instrument of civil war and annihilate their opponents, and later, after the war is over under the false title of popular democracy as an instrument for seizing by violence control over the majority of the Greek people, then there is no basis for a common understanding. In that case it would be our duty to call upon the nation and to invoke the help of all our great Allies and their Governments and their public opinion to help us. In this double struggle the invader from without and the enemy within the Greek nation does not discriminate between its tyrants. It rejects tyranny in any form. See my immediately following telegram.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

AMENDED DISTRIBUTION (18TH MAY, 1944)

[EM CL IR]

WAR CABINET DISTRIBUTION

FROM CAIRO (MINISTER RESIDENT) TO FOREIGN OFFICE

Lord Moyne
No. 1258
17th May, 1944

D. 9.42 p.m. 17th May, 1944
R. 1.05 a.m. 18th May, 1944

777 777

IMMEDIATE

PILOT

See my immediately preceding telegram.

But if EAM has come to a decision to abandon its designs of domination by force and to be satisfied with the political method of persuasion for the achievement of its domination in the future and if therefore it agrees to give up exerting influence on our armed forces and to dissolve Elas at the same time as the other Andarte bands are dissolved and to the creation of a national army which will belong to the country only and obey the orders of the Government then the participation of EAM in our national unity can be considered an accomplished fact. In that event the question will arise what will be the significance of this collaboration and what will the consequences be in relation to the past? I believe that the fact that we have now succeeded in achieving collaboration cannot mean that we either forget the past or forgive it. Each one of us must retain in full the title under which he has acted and his responsibility before history and before the people and before justice too when it is a question of crimes coming under common law. Our collaboration today concerns the future and it looks towards a common effort to attain the realisation of our two great aims, the liberation of our country and the re-establishment of popular sovereignty. From the conversations I have had in recent days with the representatives of the communist party, of EAM and of the political committee I have received the impression that they have come with the intention not of opposing but of amalgamating themselves with the nation. If these personal impressions are confirmed by their own authoritative statements and if their words are converted into positive and decisive facts we shall then be able from this far country to send a mighty message to our enslaved fatherland; the message that full national unity has been accomplished that civil strife is decisively at an end and that our national forces will be turned against the barbarous invaders to drive them from the soil of our beloved land and that the approaching day of liberation will not be a nightmare but a national resurrection. It is with this glad expectation that I welcome your presence here.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

V.S.S.R

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

C223226

[EN CLAIR]. POLITICAL DISTRIBUTION.

FROM MOSCOW TO FOREIGN OFFICE.

Sir A. Clark Kerr. D. 6.51 p.m. 17th May, 1944.

No.1301. R. 11.45 p.m. 17th May, 1944.

17th May, 1944.

Pravda 15th May publishes an appeal by General Zeligowski to the Poles a copy which is said to have been sent to you.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

C223227

[EN CLAIR] POLITICAL DISTRIBUTION

FROM MOSCOW TO FOREIGN OFFICE

Sir A. Clark Kerr
o. 1302.
17th May, 1944.

D. 6.50 p.m. 17th May, 1944.
R. 11.45 p.m. 17th May, 1944.

[ ] [ ] [ ]

Pravda May 15th publishes Tass message from New York according to which the Reverend Orlemanski has been suspended by his Bishop. Orlemanski intended to ignore the suspension.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

C223228

[EN CLAIR]. POLITICAL DISTRIBUTION.

FROM MOSCOW TO FOREIGN OFFICE.

Sir A. Clark Kerr. D. 6.50 p.m. 17th May, 1944.

No. 1303. R. 11.40 p.m. 17th May, 1944.

17th May, 1944.

^^^^^^^^^^^^^^^^^^^^^^

My telegram No.1235.

Pravda 15th May quotes a newschron report regarding wolfram being shipped from Portugal in sealed trucks described as mechanical equipment.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

C223229

[EN CLAIR]

POLITICAL DISTRIBUTION

FROM MOSCOW TO FOREIGN OFFICE

Sir A. Clark Kerr
No. 1304.
17th May, 1944.

D. 6.51 p.m. 17th May, 1944.
R. 11.40 p.m. 17th May, 1944.

[ ] [ ] [ ]

Moscow newspapers of May 16th publish Tass message from Mexico reporting the democratic Polish Mexican Association "friends of the Koscuiszko Division" has sent a telegram to the Polish Government in London protesting against anti-Semitism in the Polish Army.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

U.S.S.R

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

C223230

[CYPHER] POLITICAL DISTRIBUTION

FROM MOSCOW TO FOREIGN OFFICE

Sir A. Clark Kerr
No. 1305
17th May, 1944

D. 6.26 p.m. GMT 17th May, 1944
R. 9.20 p.m. DBST 17th May, 1944

ddddddd

Official announcement by Holy Synod by [sic: ?on] Patriarch Sergei's death is published prominently on front pages of Moscow newspapers.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223231

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] WAR CABINET DISTRIBUTION.

FROM MOSCOW TO FOREIGN OFFICE.

Sir A. Clark Kerr. D. 3.44 p.m. GMT 17th May, 1944.
No. 1308.
17th May, 1944. R. 7.15 p.m. DBST 17th May, 1944.

Repeated to Tehran No. 35.

3 3 3

My telegram No. 1198.

Mr. Vyshinski has now written to say that the Soviet Government fully share the wish of His Majesty's Government to start as soon as possible making financial agreement with the Persian Government regarding use by Allies of Persian railways. After careful study Soviet authorities have decided that the British draft can be taken as the basis for further negotiations with the Persian Government, with amendments of certain articles regarding the fixing of tariffs for carriage of Allied military and civilian freight. Soviet authorities consider that in order to facilitate settlement of accounts it would be preferable to establish unified tariff rate to be applied to all forms of military and civilian transport of the Allies on railways as from September 1st 1941 until expiry of financial agreement. They think this unified rate could be fixed at 0.3 (repeat 0.3) rials per 10 kilometres. According to the Soviet transport authorities in Persia, this rate has at the suggestion of the British representatives already been applied in the case of all freight connected with supplies for Allied troops and the Persian Ministry of Communications, when producing the railway budget for the current year, adopted it not only in regard to revenue from military freight but also in regard to income from freight on transit of goods of Allied States. Thus the unified tariff rate proposed by the Soviet Transportation authorities has already been applied in practice in settlements of railway freight of the Allies in Persia.

2. The Soviet authorities think it also desirable that the agreement should cover only trans-Persian Railway with its adjoining lines, in servicing and exploitation of which all parties to financial agreement share.

If His Majesty's Government agree with these points the Soviet Government will without further delay instruct their representative in Persia to take part jointly with British and American representatives in preparation and conclusion of financial agreement with the Persians on the basis of British draft amended in accordance with considerations set out above.

Foreign Office please pass to Washington.

[Repeated to Washington under F.O. No. 4378].

(OTP)

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

OUTWARD TELEGRAM

C223232

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

E. 2937/325/25

[CYPHER] WAR CABINET DISTRIBUTION

FROM FOREIGN OFFICE TO CAIRO (MINISTER RESIDENT)

No. 1746 D. 11.30 p.m. May 17, 1944

May 17, 1944

Repeated to: Jedda No. 65 and
Washington No. 4373

& & &

IMMEDIATE

Your telegram No. 1214 [of the 13th May: subsidy arrangements for Saudi Arabia].

Following for Jordan.

The proposal for an approximate fifty-fifty basis has now reached us from Washington (see Washington telegram No. 2504) but was not mentioned in discussion with Stettinius Mission, though we did agree that the larger financial and supply problems of Saudi Arabia ought to be dealt with as far as possible on a joint basis in consultation between His Majesty's Government and the United States Government. The suggestion which we made to Wallace Murray was that a supply programme for Saudi Arabia should be agreed with the Americans through M.E.S.C., and that this programme should be divided between sterling area and United States sources according to supply and shipping considerations. We suggested that the sterling area portion of the programme should be supplied free of charge and should represent (with addition of funds e.g. for Saudi Missions) the United Kingdom subsidy, and that the United States portion of the programme should be supplied on credit lend-lease.

2. If the value of a supply programme so drawn up were deemed to represent too large a subsidy, it would of course be for consideration whether the Saudi Government should be asked to pay for some part either of the sterling area or of the United States portion of the programme. However, from your recent communications and Pinsent's discussions with you and M.E.S.C. in Cairo, it appears that the value of the supply programme set out in paragraph 3 of your despatch No. C of the 3rd May, together with the addition referred to in paragraph 6 of the same despatch, would not be unreasonably high as a subsidy for 1944, and subject to your views we should not wish to raise the question of payment for any part of these supplies by Saudi Arabia.

4.....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

4. It further appears that the greater part of the proposed supply programme should, on supply and shipping grounds, be furnished from the sterling area. An approximate fifty-fifty split therefore would have the result that the United States would pay dollars to the United Kingdom for a part of the sterling area portion of the programme, so as to equalise the burden. While we should have no objection to such an arrangement we feel some doubt whether it can really represent American intentions. Or is it possible to equalise the value of the supplies from sterling area and United States sources respectively without too much disregard of shipping and supply considerations?

5. We made it clear to Wallace Murray that we had always regarded our subsidies whether in cash or in kind, as irrecoverable.

[Copies sent to Mr. Wiltshire]

[OTP]

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

AMENDED DISTRIBUTION(18. 5.44.)

[CYPHER] WAR CABINET DISTRIBUTION

FROM WASHINGTON TO FOREIGN OFFICE

Viscount Halifax
No. 2587. D. 11.20. p.m. 17th May, 1944.

17th May, 1944. R. 9.20. a.m. 18th May, 1944.

.....

IMMEDIATE

My immediately following telegram contains text of a statement by Mr. Hull in connexion with the Annual National Foreign Trade Week from May 21st to May 27th. Statement is not (repeat not) for release before 9 p.m. Eastern War Time on May 19th.

2. As you will see Hull has taken this opportunity to restate administration policy of post-war collaboration both economic and political. He mentions production without heavy tariff protection or subsidies and says that there must be international arrangements for currency stability, for investment, for reduction or removal of unreasonable trade barriers and for the abandonment of trade discriminations in all forms. He goes on to say that such an international system of trade must be created and made effective in order to support any international organisation that may be set up to keep and enforce the peace, and preaches the doctrine that in the interests of the United States, other countries must have the opportunity to produce to their maximum capacity and to pay the United States in goods for what they buy from her.

3. The statement is important as showing once again that policy of the administration on various issues of economic and political collaboration after the war forms a connected whole. If we are to hope for tariff reductions and all-round economic sanity from the United States it will be on lines of their programme taken as a whole; and whether programme is realised depends largely on our response to it. If we grasp the hand which the administration is extending to us, we take the best and indeed the only opportunity likely to be open to us of securing an economic policy on the part of the United States which suits our interests, especially on the wider and durable understanding which the Prime Minister has referred to as a fraternal association with the British and American peoples. This is the real issue which confronts us over the currency conference and Article 7 talks and we should face it squarely. I do not (repeat not) believe that there is any comfortable half-way house between responding to administration's overtures with our eye on big prize of a general working partnership with the Americans in a full international [group undec.? framework] and endangering the whole programme of co-operation by blowing cold on what are the essential parts of it.

4/.....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223235

4. The statement also can be taken as showing once again that the President hopes to go to the country with a record of as much achievement towards international collaboration as possible and believes that this will be a big electoral asset. The re-election of the President, with a record of solid achievement in this field behind him, would be a mandate from the people to continue the same policy. Conversely, discouragement between now and the election would be a deterrent to a new administration whether Democratic or Republican in efforts to pursue international co-operation as a policy for the United States and would be a weapon in the hands of those who would like to be able to say that such a policy is foredoomed to failure by the attitude of the British.

5. I hope that some prominence and welcome will be given to Hull's statement by the British press. If you felt disposed to send him a word of appreciation, I feel sure it would be a great encouragement to him. His statement marks another step in his gradual but progressively increasing boldness in leading the United States public which has been evident since in early 1943 he took his stand against all crippling amendments of Trade Agreements Act on the one ground that they would be a blow to international collaboration in the widest sense.

[Copies sent to recipients of Special (Economic Affairs) distribution]

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[CYPHER] SPECIAL (FOOD CONFERENCE)

FROM WASHINGTON TO FOREIGN OFFICE

Viscount Halifax. D. 10.38 p.m. 17th May 1944.
No. 2595. R. 6.07 a.m. 18th May 1944.
17th May 1944.

0:0:0:0

IMMEDIATE

Wheat.

Following from Twentyman.

Am much distrubed by your telegram No. 4347 and have no idea what is the nature of your difficulty. You of course realise proposed proviso in 5 (b) of my telegram No. 2458 operates only for period indicated in paragraph 7 of your telegram No. 3,271 and relates only to four exporting countries signatory to present memorandum of agreement and that you are not committed for the future. Also that the proposal is recognised as being solely a device to overcome the difficulty of feelings that exist towards an abnormal export from Canada to United States.

2. If you find yourself unable to accept this proposal as a temporary measure you will I feel sure fortify me with very clear and convincing reasons against it to be stated to the Wheat Council in support of your 46. Unless I am in a position to put such reasons convincingly the other members of the Council will be unable to understand why you should object and may well explain our action to themselves as indicative that we did not want an agreement anyway.

3. You may take it as certain that unless we can accept this proviso there will be no agreement.

4. I have again tried unsuccessfully to postpone to-morrow's meeting having already done so before sending my telegram No. 2569 but the chairman is unwilling. It is difficult to insist at short notice on not holding a meeting in view of the inconvenience to Canadian Delegation coming from Ottawa.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

OUTWARD TELEGRAM

Poland

C223237

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

C

[CYPHER]

WAR CABINET DISTRIBUTION

FROM FOREIGN OFFICE TO WASHINGTON

No. 4345
17th May, 1944. D. 2.50 p.m. 17th May, 1944.

Repeated to Moscow No. 1474.

SSSSS

The London Press published last week-end stories from Washington suggesting that the Soviet Government are now more inclined to reach some arrangement with the Poles in exile. It is alleged that Mr. Harriman brought back some such proposal from Moscow and that it has been discussed with the Polish and Soviet Ambassadors by Mr. Stettinius. The suggestion is that the Soviet Government might even be prepared to leave Lwow in Poland in return for a reconstruction of the Polish Government.

2. We are not aware of any foundation for this story and tentative enquiries of the Polish Government suggest that they know of no such development. We assume therefore that the story is a journalistic invention but, in view of continued Press interest, please ask State Department whether they can cast any light upon it.

OTP

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

OUTWARD TELEGRAM

C223238

[CYPHER] SPECIAL (FOOD CONFERENCE)

FROM FOREIGN OFFICE TO WASHINGTON.

No.4347 D. 2.35 p.m. 17th May 1944
17th May 1944

QQQQQQ

IMMEDIATE.

Your telegram No.2535.

Following for Twentyman.

First reactions here disclose much hesitation about accepting proposal in 5(b) of your telegram No.2458. Reply will therefore necessarily be delayed some days.

2. Above was drafted before receipt of your telegram No.2569. We shall try to telegraph further before tomorrow afternoon but cannot promise this. You may think it advisable to seek adjournment of proposed meeting. We think it unlikely that we can accept proposal in 5(b) and position required careful thought.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Civil Aviation

OUTWARD TELEGRAM

C223239

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

W.

[CYPHER] WAR CABINET DISTRIBUTION.

FROM FOREIGN OFFICE TO WASHINGTON.

No.4363
17th May 1944.

D. 6.50 p.m. 17th May 1944

QQQQQ

IMMEDIATE.

Your telegram No.2413 [of May 8th: B.O.A.C. service to South America].

If service is to be started this summer approach to Brazilian Government must not be delayed much longer. We shall therefore be grateful for any steps you can take to expedite formal reply.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

OUTWARD TELEGRAM

C223240

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].
C.

[CYPHER]

WAR CABINET DISTRIBUTION

FROM FOREIGN OFFICE TO WASHINGTON.

No. 4370.
17th May, 1944.

D. 10.10.p.m. 17th May, 1944.

Repeated to Madrid No. 602.

6 6 6 6 6

IMMEDIATE.

Madrid telegram No. 778 [of May 17th: oil for Spain].

Our only information regarding oil loadings is that contained in Madrid telegram No. 763, which only refers to postponement of loadings arranged for June 1st and June 11th. We therefore assume that there can be no question of suspending May 21st or other agreed shipments. You are no doubt confirming this with United States authorities.

[OTP]

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Middle East

OUTWARD TELEGRAM

C223241

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

E.2937/325/25

[Cypher]. WAR CABINET DISTRIBUTION

FROM FOREIGN OFFICE TO WASHINGTON

No. 4374 D. 11.00 p.m. 17th May, 1944.
17th May, 1944.

Repeated to M.E. Min No. 1747,
Jedda No. 66.

/////

Your telegram No. 2504 [of May 12th: Saudi Arabia].

Please see my telegram No. 1746 to M.E. Min which explains our attitude. You may inform State Department.

2. As regards the questions of the Military Mission and Financial Adviser (we have not had any proposal yet for an "Economic Mission" to Saudi Arabia) we will be replying as soon as we can. We fully appreciate desire of State Department to deal with main supply and financial questions in Saudi Arabia jointly as agreed in London.

[Copies sent to Mr. Wiltshire].

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Yugoslavia

OUTWARD TELEGRAM

C223242

[THIS TELEGRAM IS OF PARTICULAR SECRECY AND SHOULD BE RETAINED BY THE AUTHORISED RECIPIENT AND NOT PASSED ON].

[CYPHER]. WAR CABINET DISTRIBUTION.

FROM FOREIGN OFFICE TO BARI.

No. 28. D. 1.15 a.m. May 18th, 1944.

May 17th, 1944.

Repeated to Resmin Med No. 1042.
Naples, High Commissioner No. 112.

yyyyyy

Your telegram No. 32 to Resmin Med [of May 14th: men of Croat and Slovene origin in Italian forces].

V[elebit] enquired through Maclean how this matter stood and latter was told of decision reached in my telegram No. 938 to Algiers.

2. Matter has so far not been raised in Advisory Council by Soviet representative and Sir N. Charles will not take initiative in doing so owing to Italian objections.

O.T.P.

[Copies sent to Mr. Wiltshire].

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Yugoslavia

C223243

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on.]

[CYPHER]

WAR CABINET DISTRIBUTION

FROM BARI TO ALGIERS (RESIDENT MINISTER)

Mr. Broad
No. 37
17th May 1944

D. 8.46 a.m. GMT 18th May 1944
R. 12 noon DBST 18th May 1944

Repeated to FOREIGN OFFICE NO. 35 and Saving to Cairo.

I I I I I

SECRET

My telegram No. 11.

Considerable German troop movements have been reported during the past week. Unidentified formations have been moving up from the Albanian coast as far north as Kotor. In Serbia, German forces, possibly from Hungary, have appeared in area between Prokuplje and Leskovac. These may be merely in transit or intended for a drive against partisan-held areas in Jastrebac and Radan. There has also been some increase in garrisons on the islands on the Dalmatian coast.

2. British liaison officers at General Mihailovic's present Headquarters report that the latter claim that a number of places have been captured from the partisans. These include Berane, Bijelo Polje, Foca and Gorazde as well as Trebinje area.

3. The drive which caused the partisans to evacuate Berane has however been described by British liaison officer with the partisan second corps. He reported it was carried out by German forces who have since been forced back losing Bijelo Polje in their retreat. Trebinje is in German hands while Foca and Gorazde, if in fact they are held by Cetniks, could only be so held with German connivance. Liaison officers at Mihailovic's Headquarters have heard reports that Cetniks are receiving ammunition from German sources.

4. In Western Bosnia repeated enemy attempts to penetrate partisan-held territory have included a heavy attack from Prijedor towards Ljubija with simultaneous attacks south eastwards from Bos Novi and southward from Blagaj. Partisans have however carried out successful demolitions on railway lines by which these enemy forces receive their supplies.

5. In Slovenia Germans have penetrated to Zuzemberk where street fighting is now taking place.

6. In Croatia there is serious enemy pressure against partisan 4th Corps area. German units have converged on Korenica.

/7....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

7. In Eastern Serbia partisan forces east of Vranje have been in danger of having their line of retreat to the north cut off but a successful rearguard action has been fought and they have retired north to Crna Trava area. The enemy are obviously making every effort to prevent partisans from building up their forces in this area and from training recruits brought in by recent increase in [6 groups undec:] by partisans has been reported on railway between Sofia and Nis. This involved destruction of two bridges at Sukovo.

[Copies sent to Mr. Wiltshire.]

OTP.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on.]

[CYPHER]

WAR CABINET DISTRIBUTION

FROM BEIRUT TO FOREIGN OFFICE

Sir E. Spears
No. 302 D. 10.20 a.m. G.M.T. 18th May 1944.
17th May 1944. R. 1.05 p.m. D.B.S.T. 18th May 1944.

Repeated to M.E. Min (for Warner)
Resmin Med.

222

IMMEDIATE

Following from His Majesty's Ambassador to Greece telegram No. 18.

[Begins]

Secret.

My immediately preceding telegram.

The conference opened this morning with a speech by Papandreou. A summary of his speech is being given to Press here tonight. This you will have received already from P.W.E. I gather he spoke at greater length extempore and made a very big impression on all delegates.

2. M. Venizelos followed. His task, as agreed beforehand with Papandreou, was to deal with mutinies. This he did very weakly so as to give the impression to the Communists that he was more conciliatory than Papandreou.

3. It had been Papandreou's intention to call next on Kartalis of Ekka in order to face E.A.M. squarely with responsibility for civil war in Greece. Owing to an intrigue engineered last night by Venizelos's henchmen of Liberal Party, Messrs. Exindaris and Vassileiadis, in order to prevent any hard words being said against E.A.M. today, Papandreou was constrained to call upon Mylonas, Svolos and Sophianopoulos in this order thus giving the impression that Papandreou was harsher towards E.A.M. than the rest.

4. Rendis, also of Liberal Party who recently arrived from Athens is I am told displeased with the behaviour of his Party colleagues and intends to speak his mind to them in the lobbies. Petty jealousies of petty men would not be worth reporting save for possibility of their succeeding in lining up with E.A.M. in order to get Venizelos substituted for Papandreou as Prime Minister. This intrigue will need watching though its success seems to me unlikely.

5.....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

5. Of other speeches made this morning I hear Mylonas spoke well and though no political supporter of Papandreou, approved strongly the programme he had outlined. Svolos while carefully refraining from any reference to a National Army made the point that he and his associates were first to emphasize the need for a Government of National Unity. Sophianopoulos who is a wordy gentleman and prides himself on his knowledge of Russia which he visited some 20 years ago, indulged in a very gentle flirtation with Communism.

6. Meeting will be resumed this evening when I trust some of the more vigorous speakers will have their say. I have been promised a full report tonight.

[Copies sent to Mr. Wiltshire and Major Howell.]

OTP

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Yugoslavia

C223247

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

[CYPHER]

WAR CABINET DISTRIBUTION

FROM ALGIERS (RESIDENT MINISTER) TO FOREIGN OFFICE

Mr. Macmillan
No. 677
17th May, 1944.

D. 5.51 p.m. 18th May, 1944.
R. 11.45 p.m. 18th May, 1944.

Repeated to Bari (Mr. Broad)
Naples (High Commissioner) Saving

sssss

Mr. Broad's telegram No. 32 to me.

I should also be glad to know answer to paragraph 1.

2. If General Velebit has raised question, I hope present policy of not taking initiative in raising question before Advisory Council will be maintained.

OTP

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Saudi-Arabia

C223248

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on.] [The text of this telegram must first be paraphrased if communicated to any person outside British or United States Government service or if re-transmitted in a cypher system other than O. T. P.]

[CYPHER] WAR CABINET DISTRIBUTION

FROM CAIRO (MINISTER RESIDENT) TO FOREIGN OFFICE.

Lord Moyne
No. 1254
17th May, 1944

D. 12.28 a.m. 18th May, 1944
R. 3.00 a.m. 18th May, 1944

Repeated to Washington.

kkkkk

Your telegram No. 1540 paragraph 4.

We are now giving consideration to instructions contained in your telegram No. 54 Saving. Mr. Landis has not yet received similar instructions. Difficulty envisaged in my telegram No. 1091 paragraph 2 has been explained to Mr. Landis. I hope he has accepted this explanation. He has given no indication of having telegraphed to Washington on this subject but has several times expressed wish that State Department would telegraph to him result of Stettinius' discussions in London. So far he says he has received nothing except a telegram to effect that aid to Saudi Arabia should be provided on a fifty-fifty basis.

[Copies sent to Mr. Wiltshire.]

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223249

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] WAR CABINET DISTRIBUTION

FROM MOSCOW TO FOREIGN OFFICE

Sir A. Clark Kerr
No. 1318.
17th May, 1944.

D. 9.31 a.m. G.M.T. 18th May, 1944.
R. 12.25 p.m. D.B.S.T. 18th May, 1944.

[ ] [ ] [ ]

My immediately preceding telegram.

As a result of number of talks with members of the Union of Polish Patriots Lange had formed the opinion that they were respectable body of persons representative of Polish opinion in U.S.S.R. and standing well with the Soviet Government (this differs from Orlemanski's view) who did not however appear to regard them as suitable nucleus for a new Polish Government. Lange spoke of Witos as a good sincere man and thought that he and one or two others might be fitted for inclusion in a reconstructed emigré Government.

2. Unlike Orlemanski he was of the opinion that Madame Wasilewska's stock stood high with the Soviet Government and to a lesser extent in the Polish Army (see my immediately preceding telegram). He himself had known her during their days at Cracow University and later at Warsaw and had then regarded her as unbalanced venal bore. He had therefore been agreeably surprised to find that, while retaining her girlish talent for organising societies, she had now settled down into something good and solid. On account, however, of her marriage to an ardent Ukranian he ruled her out from any active part in future Polish politics.

3. Lange had incidentally found that the Union of Polish Patriots was consumed with curiosity about the Polish National Committee's eagerness to enter into contact with it, but apparently in complete ignorance as to its standing and activities. He was persuaded that the Soviet Government had had nothing to do with setting it up and that it was spontaneous movement from within Poland. Like Lange many numbers of the Union feared that when the Red Army entered Poland it would be found that there was nothing left but a vacuum and that all the responsible elements capable of future leadership had already been done away with.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223250

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on.]

[CYPHER] WAR CABINET DISTRIBUTION

FROM MOSCOW TO FOREIGN OFFICE

Sir A. Clark Kerr
No. 1319
17th May 1944

D. 12.41 p.m. GMT 18th May 1944
R. 3.25 p.m. DBST 18th May 1944

I I I I I

My immediately preceding telegram.

Lange who had so far only seen Molotov, told me he had gained the impression that Soviet Government had not yet made up their minds about their attitude towards a new Poland and would be guided by events and by whatever trends of popular feeling would be found to exist in Poland on its liberation. He felt reasonably sure that Soviet Government would abide by its public declarations unless forced into active intervention in Polish domestic affairs by the folly of exiled Poles in Great Britain and United States to which he constantly reverted. He enlarged on the need to stop anti-Soviet talk and propaganda more particularly in the United States where many Poles aided and abetted the "America first" organisation whose excesses had first prompted her public to advocate a policy of good neighbour understanding between Poles and U.S.S.R. For this "America first" had accused him of being a communist in Kremlin pay.

OTP.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223251

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] WAR CABINET DISTRIBUTION

FROM MOSCOW TO FOREIGN OFFICE

Sir A. Clark Kerr D. 12.25 a.m. G.M.T. 18th May, 1944.
No. 1320. R. 3.00 p.m. D.B.S.T. 18th May, 1944.

17th May, 1944.

[ ] [ ] [ ]

My immediately preceding telegram.

Lange had no new practical suggestion of his own to offer for resolving present deadlock but told me he intended on his return home to [group undec. ? accept] [group undec. ? assistance] of State Department to work for establishment of a new Polish Government under Mikolacyzk to include some Polish patriots and American Poles many of whom he thought would be ready to revert to Polish citizenship in order to rebuild their country (he himself did not seem to wish to be one of them).

2. Lange also contemplated some direct appeal to Mikolacyzk along lines that he should discard Sosnkowski and his adherences and place himself at head of a new popular movement.

3. I hope to see Lange again before he leaves Moscow at the beginning of next week.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223252

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on.]

[CYPHER] WAR CABINET DISTRIBUTION.

FROM MOSCOW TO FOREIGN OFFICE.

Sir A. Clark-Kerr.
No. 1321. D. 10.02 a.m. G.M.T. 18th May, 1944.

17th May, 1944. R. 12.40 p.m. D.B.S.T. 18th May, 1944.

zzz zzz zzz

My telegrams No. 1317 to No. 1320 inclusive.

Lange was allowed to spend 4 hours with General von Seidlitz and other members of the League of German Officers (see my despatch No. 97 of 7th October 1943) although most of these prisoners were apostates from Hitlerism. They represented various shades of political opinion and struck him as sober, earnest men but on dissociating Germany from Nazi system and on proving that she deserved a soft peace and an opportunity after the war to establish a genuine democracy. The outstanding figures amongst them were von Seidlitz and a young priest named Kaiser who had always been anti-Nazi.

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Turkey

C223253

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

[CYPHER]

WAR CABINET DISTRIBUTION

FROM WASHINGTON TO FOREIGN OFFICE

Viscount Halifax
No. 2583 D. 1.47 a.m. 18th May, 1944
17th May, 1944 R. 6.15 p.m. 18th May, 1944

Repeated to Angora telegram No. 66

g g g g g

IMPORTANT

Angora telegram to you No. 743.

SECRET

Contents of above telegram and of parallel telegram from United States Ambassador Angora to State Department have been subject to preliminary discussion here pending receipt of your comments. Although no firm views have been arrived at here, the following tentative reactions of State Department officials concerned may be of interest:

(a) they considered while we should not actually refuse to discuss the standing specific questions of supplying goods hitherto supplied from Germany, we ought still to maintain our position that we were not (repeat not) prepared to discuss an overall neutrality programme until Turkish Government has agreed in principle to prohibiting exports of strategic commodities to Axis.

(b) In any case (subject to (e) below), it would be undesirable to remove all export bans (see paragraph 3(f) of telegram under reference) prior to commencement of discussions if we had not at that point obtained Turkish agreement to prohibition of exports of strategic commodities.

(c) It is appreciated that the immediate future is the critical period and that there is therefore much to be said for getting a partial agreement immediately rather than becoming involved in long drawn-out negotiations. On the other hand, since we presumably stick to relying on chrome export ban and since copper

purchase.....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

purchase (see my telegram to Ministry of Economic Warfare No. 995) should cover copper position for some months, it is felt that we should not be risking a great deal in declining to accept an immediate compromise settlement and it would on principle be better to try and force Numan to come out definitely for decision to impose full prohibition on strategic exports.

(d) With regard to paragraph 3(g) of telegram under reference, State Department representatives considered that we should not make an offer of this nature but leave this to come up from Turkish side when we might agree to consider it.

(e) It was felt that decision must largely rest on military view. State Department [grp. undec.] received telegram from United States Embassy London indicating that British Chiefs of Staff were in favour of re-opening economic and other relations with Turkey since this would keep Germans guessing on possibilities of more active Turkish co-operation and so force them to maintain larger forces in Balkan area. If this is in fact likely to be the view of combined Chiefs of Staff State Department would of course regard it as overriding consideration in (a) (b) (c) above.

2. I should be grateful for your views.

OTP.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

AMENDED DISTRIBUTION (18th May 1944)

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on.]

[CYPHER]

WAR CABINET DISTRIBUTION

FROM WASHINGTON TO FOREIGN OFFICE

Viscount Halifax
No. 2588
17th May 1944

D. 1.54 a.m. 18th May 1944
R. 10.30 a.m. 18th May 1944

I I I I I

IMMEDIATE

My immediately preceding telegram.

Following is statement by Mr. Hull referred to.

[Begins]

2. Since National Foreign Trade Week was observed last year the war against the aggressors has approached its most crucial stage. Ultimate collapse of the armed forces of our enemies is certain, and [? group omitted] can hasten that collapse if we continue to maintain at every moment our utmost effort in complete unity with the other nations associated with us in this war.

3. The coming victory throws into clearer and sharper focus some of the tremendous tasks and problems which we shall face at the end of hostilities. Without relaxing our war effort in the slightest degree we must give profound thought to post-war problems and begin to take steps which will help to solve them. We must hold fast to a clear vision of the security and well-being for which we are fighting and work towards effective means to preserve them after they have been won.

4. National Foreign Trade Week is a most appropriate occasion for taking stock of our situation. Employment on the home front is at an all-time high. Many millions now employed in making the things with which the war is waged will need good jobs after the war making peace time products, as will the many millions now serving in our armed forces. Private enterprise will I believe meet this challenge with courage and resourcefulness. I believe also that the great majority of American business men will recognise the need as well as the unique opportunity for utilising our enormous capacity in the production of the kinds of peace time goods best suited to our material and human resources; for choosing those lines of production that can stand on their own feet without heavy tariff protection or subsidies.

5. Only as the people everywhere have the opportunity to produce those things and perform those tasks for which they are best fitted and to exchange those products for products of other people at home or abroad, will the world have the maximum supplies of things to be enjoyed. This can be achieved only

/as we....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

 C223256

as we co-operate with other like-minded nations, as we are co-operating now in the war, to provide a basis for expanding trade and commerce among the nations on a sound and equitable basis.

6. Shift from war time to peace time commerce will undoubtedly entail some rather difficult adjustments both in our domestic economy and in our economic relations with other countries. Those adjustments must not involve such blunders as occurred after World War I when we as well as other nations, adopted commercial policies and took economic measures that disregarded and injured citizens of other countries. Neither this country nor the world could stand a repetition of the bitter resentment of the victim nations, the retaliatory actions, and economic chaos and depression which finally helped to plunge us into this war.

7. After this war international economic relations must be developed through co-operative measures. There must be international arrangement for currency stability as an aid to commerce and settlement of international financial transactions. Through international investment capital must be made available for sound development of latent natural resources and productive capacity in relatively undeveloped areas. Above all provision must be made for reduction or removal of unreasonable trade barrier and for the abandonment of trade discriminations in all forms.

8. Such an international system of trade and financial relations embodying sound economic standards and principles of justice must be created and made effective in order to support any international organisation that may be set up to keep and enforce peace. Otherwise the structure of international security would be threatened with collapse as a result of economic disorder and conflict.

9. Leadership towards a new system of international relationships in trade and other economic affairs will devolve very largely upon the United States because of our great economic strength. We should assume this leadership and the responsibility that goes with it primarily for reasons of purely national self-interest. We ourselves cannot live in prosperity and security in our own country while people in other countries are suffering want and being driven to despair by economic hardships. If we are to have jobs for all our workers and markets for all our goods people in other countries must likewise have the opportunity to produce to their maximum capacity and to pay us with the fruits of their efforts for the things we want to sell them.

10. Government of the United States and other United Nations Governments are endeavouring to make as rapid progress as possible towards the objectives set forth in the Atlantic Charter and Mutual Aid agreements and Moscow and Tehran declarations. In carrying out this great task they need and must have the support of the people whose interests they serve.

11. In this matter foreign traders have a special responsibility, extending far beyond merely safeguarding and

/continuing....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

continuing to enhance their own business interests. They have a special knowledge of foreign trade and its place as a necessary support of human prosperity and world security. They can contribute much to the establishment of a sound system of trade relations among the nations by sharing their knowledge and understanding with other citizens and groups. Observance of National Foreign Trade Week is one means of carrying out this responsibility.

12. Please pass to Ministry of Information.

[Copies sent to recipient of Special (Economic Affairs) distribution.]

OTP.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

as we co-operate with other like-minded nations, as we are co-operating now in the war, to provide a basis for expanding trade and commerce among the nations on a sound and equitable basis.

6. Shift from war time to peace time commerce will undoubtedly entail some rather difficult adjustments both in our domestic economy and in our economic relations with other countries. Those adjustments must not involve such blunders as occurred after World War I when we as well as other nations, adopted commercial policies and took economic measures that disregarded and injured citizens of other countries. Neither this country nor the world could stand a repetition of the bitter resentment of the victim nations, the retaliatory actions, and economic chaos and depression which finally helped to plunge us into this war.

7. After this war international economic relations must be developed through co-operative measures. There must be international arrangement for currency stability as an aid to commerce and settlement of international financial transactions. Through international investment capital must be made available for sound development of latent natural resources and productive capacity in relatively undeveloped areas. Above all provision must be made for reduction or removal of unreasonable trade barrier and for the abandonment of trade discriminations in all forms.

8. Such an international system of trade and financial relations embodying sound economic standards and principles of justice must be created and made effective in order to support any international organisation that may be set up to keep and enforce peace. Otherwise the structure of international security would be threatened with collapse as a result of economic disorder and conflict.

9. Leadership towards a new system of international relationships in trade and other economic affairs will devolve very largely upon the United States because of our great economic strength. We should assume this leadership and the responsibility that goes with it primarily for reasons of purely national self-interest. We ourselves cannot live in prosperity and security in our own country while people in other countries are suffering want and being driven to despair by economic hardships. If we are to have jobs for all our workers and markets for all our goods people in other countries must likewise have the opportunity to produce to their maximum capacity and to pay us with the fruits of their efforts for the things we want to sell them.

10. Government of the United States and other United Nations Governments are endeavouring to make as rapid progress as possible towards the objectives set forth in the Atlantic Charter and Mutual Aid agreements and Moscow and Tehran declarations. In carrying out this great task they need and must have the support of the people whose interests they serve.

11. In this matter foreign traders have a special responsibility, extending far beyond merely safeguarding and

/continuing....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

continuing to enhance their own business interests. They have a special knowledge of foreign trade and its place as a necessary support of human prosperity and world security. They can contribute much to the establishment of a sound system of trade relations among the nations by sharing their knowledge and understanding with other citizens and groups. Observance of National Foreign Trade Week is one means of carrying out this responsibility.

12. Please pass to Ministry of Information.

[Copies sent to recipient of Special (Economic Affairs) distribution.]

OTP.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Carl A Wrake

C223258

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

[The text of this telegram must first be paraphrased if communicated to persons outside British or United States Government service or if retransmitted in a cypher system other than O.T.P.]

[CYPHER]

WAR CABINET DISTRIBUTION

FROM MONTEVIDEO TO FOREIGN OFFICE

Mr. Vereker
No. 148
18th May, 1944.

D. 12.29 p.m. 18th May, 1944.
R. 8.35 p.m. 18th May, 1944.

Repeated to Washington
Rio de Janeiro Saving
Buenos Aires Saving

sssss

Your telegram No. 3262 to Washington paragraph 4.

As it is not proposed to extend trans Atlantic air service to the Argentine at present could not Montevideo be used as terminus? As mentioned in Chancery letter to South American Department April 24th local civil air port at Melilla is now being used as terminus for recently inaugurated air service between United States and Uruguay under the control of United States Naval Air Transport service.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Greece

C223259

[This telegram is of particular secrecy and should be re=tained by the authorised recipient and not passed on].

[Cypher] WAR CABINET DISTRIBUTION.

FROM BEIRUT TO FOREIGN OFFICE.

Sir E. Spears.
No.303. D. 10.10 p.m. GMT 18th May, 1944.
18th May, 1944. R. 1.10 a.m. DST 19th May, 1944.

Repeated to M. E. Min (For Warner)
Resmin Med.

C C C

IMMEDIATE.

Following from His Majesty's Ambassador to Greece telegram No.19.

[Begins]

SECRET.

My immediately preceding telegram.

At the afternoon session of the conference yesterday delegates from other political parties spoke in the following order:

Messrs Londos, Theotokis, Canellopoulos, Sakkalis, Roussos, Rendis.

2. First four speakers gave their full support to M. Papandreou and spoke in strong terms against EAM for what they had done in Greece. M. Canellopoulos who is a good speaker in his own language, [group undec. ?though] a lengthy one, seems to have made an excellent impression [group undec. ?by his] outspoken character [group undec. ?and his] support in contrast with the attitude of [group undec.] quickly outweighed Ven.... The latter was on two occasions as a result of enquiries put to him forced to confess that by an oversight he had omitted from his statement in the morning certain facts about the mutinies which were unfavourable to EAM.

3. M. Rendis who spoke last in the name of Liberal Party made it quite clear that his [group undec. ?party] aligned itself strongly with M. Papandreou thereby un-masking little intrigue which M. Ven... 's [group undec.] adviser had been trying to engineer.

4. M. Roussos spoke for Communism in the first instance. He was very much on the defensive. He made familiar statements that EAM had taken the lead in struggle against the Germans, that they had lost more men than anybody else in consequence, that their object had always been national unity that their patriotism and loyalty to the Allies were second to none, that they had had nothing to do with the mutinies in Egypt. He made no attempt however to answer any of the charges which had

.....been

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223260

been made against EAM during the afternoon nor did he rebut anything in M. Papandreou's opening statement.

5. What emerged from yesterday's proceedings was complete isolation of EAM and growth of [group undec.] M. Papandreou as leader. From account I received late last night M. Papandreou conducted proceedings with tact and firmness.

6. Press correspondents yesterday only received opening statement of M. Papandreou as it had been prepared in advance. A résumé of other speeches will be given to them this afternoon. They were inclined to be critical of strong language he used about EAM. I hope that they will not send damaging messages before they receive the whole picture. If B.B.C. which is being closely followed by delegates, reproduces unfavourable comments from British press it will do great harm at the conference and give the impression that EAM have British backing thereby undoing my own efforts here.

[Copies sent to Mr. Wiltshire]

OTP

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] WAR CABINET DISTRIBUTION

FROM BEIRUT TO FOREIGN OFFICE

Sir E. Spears
No. 304.
18th May, 1944.

D. 9.02 p.m. G.M.T. 18th May, 1944.
R.11.42 p.m. D.B.S.T. 18th May, 1944.

Repeated to M.E.Min. (for Warner)
Resmin. Med.

[ ] [ ] [ ]

IMMEDIATE.

Following from His Majesty's Ambassador to Greece telegram No. 20 May 18th.

[Begins].

Secret.

My telegram No. 18.

After agreement with G.H.Q. I sent to M. Papandreou the following letter which he read out during his opening speech at the conference. It will not be published. I am told that it made a good impression in strengthening the case for a National Army.

(Begins).

"In reply to your enquiry I am writing to inform you that Commander-in-Chief Middle East agrees that you may tell the conference that he approves in principle the proposal to form a National Army in Greece which will replace the existing guerilla bands.

Your Excellency will, I know, agree that

(a) the method and timing of this re-organisation must not result in any reduction in the present scale of resistance and action against the Germans in Greece;

(b) both the method and timing will be put to G.H.Q. for prior approval before action is taken;

(c) any other aspects of proposal which may arise as result of detailed examination and which have operational implications will be referred to G.H.Q. for decision;

(d) .....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

(d) National Army will be placed by Greek Government under operational command of Commander-in-Chief Middle East." [Ends].

[Copies sent to Mr. Wiltshire].

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223260

been made against EAM during the afternoon nor did he rebut anything in M. Papandreou's opening statement.

5. What emerged from yesterday's proceedings was complete isolation of EAM and growth of [group undec.] M. Papandreou as leader. From account I received late last night M. Papandreou conducted proceedings with tact and firmness.

6. Press correspondents yesterday only received opening statement of M. Papandreou as it had been prepared in advance. A résumé of other speeches will be given to them this afternoon. They were inclined to be critical of strong language he used about EAM. I hope that they will not send damaging messages before they receive the whole picture. If B.B.C. which is being closely followed by delegates, reproduces unfavourable comments from British press it will do great harm at the conference and give the impression that EAM have British backing thereby undoing my own efforts here.

[Copies sent to Mr. Wiltshire]

OTP

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223261

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] WAR CABINET DISTRIBUTION

FROM BEIRUT TO FOREIGN OFFICE

Sir E. Spears
No. 304.
18th May, 1944.

D. 9.02 p.m. G.M.T. 18th May, 1944.
R.11.42 p.m. D.B.S.T. 18th May, 1944.

Repeated to M.E.Min. (for Warner)
Resmin. Med.

[ ] [ ] [ ]

IMMEDIATE.

Following from His Majesty's Ambassador to Greece telegram No. 20 May 18th.

[Begins].

Secret.

My telegram No. 18.

After agreement with G.H.Q. I sent to M. Papandreou the following letter which he read out during his opening speech at the conference. It will not be published. I am told that it made a good impression in strengthening the case for a National Army.

(Begins).

"In reply to your enquiry I am writing to inform you that Commander-in-Chief Middle East agrees that you may tell the conference that he approves in principle the proposal to form a National Army in Greece which will replace the existing guerilla bands.

Your Excellency will, I know, agree that

(a) the method and timing of this re-organisation must not result in any reduction in the present scale of resistance and action against the Germans in Greece;

(b) both the method and timing will be put to G.H.Q. for prior approval before action is taken;

(c) any other aspects of proposal which may arise as result of detailed examination and which have operational implications will be referred to G.H.Q. for decision;

(d) .....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

(d) National Army will be placed by Greek Government under operational command of Commander-in-Chief Middle East." [Ends].

[Copies sent to Mr. Wiltshire].

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

C223293

[EN CLAIR] POLITICAL DISTRIBUTION

FROM MOSCOW TO FOREIGN OFFICE

Sir A. Clark-Kerr
No. 325 D. 11.18. p.m. 18th May 1944

18th May 1944 R. 7.00. a.m. 19th May 1944

8 8 8 8

Moscow newspapers May 17th publish report of Reuter's interview with Marshal Tito who said he did not think the Germans had plans for new offensive against the Partisans. German plans included isolated blows with object of pinning down Partisans. Marshal Tito thought the second front would soon be opened. The Russians would advance into the heart of Germany. The Germans would not abandon Yugoslavia or the Balkans without a struggle. Marshal Tito intended to fight after liberation of Yugoslavia until Germany's final defeat. While admitting the Allies were doing much in the way of supplies, such aid rendered from the air was incomplete and only a drop in the ocean.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223264

[CYPHER]

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on.]

WAR CABINET DISTRIBUTION

FROM ALGIERS (AMBASSADOR) TO FOREIGN OFFICE

Mr. Duff Cooper
No. 593
18th May, 1944.

D. 5.14 p.m. 18th May, 1944.
R. 8.30 p.m. 18th May, 1944.

JJJ

IMMEDIATE.

DEDIP.

Your telegram No. 478.

Massigli has suggested confidentially on his own initiative that permission should be given to Alphand who would be accompanied by two experts on finance and production to fly to London immediately. Alphand would be in possession of latest instructions of General de Gaulle in regard to negotiations at present in progress between Koenig and Eisenhower on the question of civil administration. The two experts would remain in England but Alphand would be obliged to return to Algiers after a few days to report to de Gaulle. Such procedure would eliminate the necessity of Le Troquer going to England at present.

2. The difficulty of permission being granted to anybody to leave England at present was frankly explained but Massigli is so anxious to find a way out of the present impasse particularly as agreements are reported [?grp. omit. ?to] have been already concluded by His Majesty's Government with Belgium, Holland and Luxembourg on civil administration that he has asked that the suggestion be submitted to you and has requested immediate reply. If the reply is favourable he would seek the approval of de Gaulle and members of the committee.

3. May I have your instructions as soon as possible.

OTP.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Turkey

C223265

AMENDED DISTRIBUTION 19th May 1944.

AND

AMENDED COPY

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] WAR CABINET DISTRIBUTION.

FROM ANGORA TO FOREIGN OFFICE.

Sir H. Knatchbull Hugessen. D. 10.06 p.m. 18th May 1944.
No. 765
18th May 1944. R. 11.00 p.m. 18th May 1944.

Repeated to Washington telegram No. 109.
M.E.Min Saving.

444 444 444

MOST IMMEDIATE

My telegram No. 762.

There is possibly an element of bluff about the German attitude and the Minister for Foreign Affairs' object may be to rush us into the abandonment of the attitude taken up in our note of April 14th and at the same time into commitment to increase supplies to Turkey beyond anything we contemplate. His proposals do not commit him to reducing increased figures of exports in any new agreement with Germany. He may intend to extend the Clodius agreement on the present lines, leaving us merely with his assurance that he will reduce exports in practice in the proportion that we can supply Turkey's needs.

2. On the other hand, the proposals are not far removed from those in my telegram No. 743, and in addition involve contractual obligation on Turkey to continue present [grp. undec. ? chrome] ban and to reduce other exports below stated figure for the rest of the war. There may be some advantage in securing this.

3. Recent analysis of Turkish imports from all sources over the last five years prepared by B.A.C.C. and sent to Allied Supplies Executive and Washington by bag May 15th indicates that complete break of trade relations with the Axis might have much more serious effect on Turkish economy than has hitherto been appreciated and a correspondingly greater burden upon ourselves. If, therefore, we stand pat on our note of April 14th and refuse to discuss, except on basis of 100% reduction of strategic commodities, we risk meeting with refusal (see paragraph 7 of my telegram under reference) and although the risk of driving Turkey into Germany's arms seems small in the present general situation, it cannot be dismissed as non-existent. There would for instance, be the latent risk of their goingback on the

/ chrome

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

chrome decision. Nor can strong German reaction to 100% reduction, if Turkey were to accept it, be entirely ruled out.

4. My own feeling is that, though it would be a tactical mistake to indicate readiness to fall in with the Minister for Foreign Affairs' proposals as they stand, or to allow ourselves to be rushed, a not unsatisfactory practical arrangement with the Turks may now be possible. The essential thing for the moment is to make some reply before May 22nd if we are to retain our initiative.

5. This might be on general lines that proposals are interesting but do not go far enough.

6. The best line might be for my United States colleague and myself to present written protests as in paragraph 3(a) of my telegram No. 743 and, after reference to chrome decision and to our desire to see other strategic commodities completely cut off, to say that we recognise that certain difficulties are involved and that if Turkish Government, [grp. undec. ? is] prepared to [grp. undec.] all future contractual obligations to Germany and satellites (and to reduce deliveries to Hungary in practice) in regard to the commodities mentioned in our note of April 14th to 50% of the 1943 exports, and in practice only to supply these commodities within stipulated limits in so far as they are counter-value goods which we cannot supply and agree *to be* essential to Turkey's needs, we are prepared to enter into discussions on this basis. In saying this we could indicate that the field to be covered by discussions would include the possibility of supply of essential needs from Allied sources, removal of the existing export ban and future purchasing arrangements (paragraph 3 of my telegram No. 743).

7. In view of urgency I have felt bound to telegraph my own recommendations as above without waiting for consultation with my United States colleague. I have very hope that he will be in agreement with them and will telegraph again tomorrow.

O.T.P. [Amendment received from Angora].

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Poland

C223267

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on.]

[CYPHER]

WAR CABINET DISTRIBUTION

FROM MOSCOW TO FOREIGN OFFICE

Sir A. Clark Kerr
No. 1317.
18th May, 1944.

D. 1.30 p.m. GMT 18th May, 1944.
R. 4.30 p.m. DBST 18th May, 1944.

JJJ

My telegram No. 1220.

During the course of 4 hours talk on May 14th full record of which follows by bag, Professor Lange who impressed me favourably gave the following information about visit of several days which he had made to units of Polish Army where he had been allowed to mix freely with many officers and men.

General impressions. The age of soldiers ranged from about 17 to 45. The men were of good physique, very high morale and well equipped. They have recruited from amongst refugee families in Siberia, from concentration and labour camps, gaols, factories, collective farms and of late large numbers from liberated territory and lastly, so Lange positively assured me, from Polish official underground movement. Amongst troops were many Poles born in U.S.S.R. who as Soviet citizens had served in Red Army. Like the rest they were eager to fight their way back to Poland. Owing to shortage of officers (training schools were being set up to remedy this) some battalions were commanded by Red Army officers which worked well enough although General Berling was naturally anxious to dispense with their services as soon as possible. The troops were very free in airing their grievances in the presence of General Berling beginning with complaints about the lot of their families dispersed throughout Soviet Union in conditions of great privation.

Political attitude of General Berling and his officers. Lange formed a high opinion of General Berling as an administrative officer who evidently commanded the entire respect and devotion of his men. Both Berling and a number of officers expressed their hatred of all Poles of [grp. undec. ?Pilsudski] persuasion, declaring there was no room for men of this stamp in the new Poland. Berling condemned General Anders for his outspoken hatred of U.S.S.R. which was both foolish and dangerous to future of Poland.

About half of the troops with whom Lange spoke looked towards Mikolacyzk as head of an émigré Polish Government but had no good to say of any of his present colleagues excepting Minister of Public Welfare. The remainder encouraged the [grp. undec. ?Pilsudski] union of Polish patriots but even they believed in Mikolacyzk and expressed the wish to see him in U.S.S.R. to take the political lead at the time of re-entry into

Poland/...

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Poland. All troops were very bitter about Sosnkowski and maintained that he had led astray a number of Poles who should gather round Mikolacyzk to head a popular movement. Although Wanda Wasilewska was respected by those soldiers who looked towards union of Polish patriots they were apt to be scared of her communism, and could not condone her marriage, referring to her as "the Ukrainian woman".

New Poland. Virtual unanimity prevailed about the future of the Pole. The army was ready to accept Curzon line but it was strongly felt that Lwow should remain Polish. No one wanted any form of Sovietisation or collective company farms. Programme envisaged for the future included peasant ownership of land, nationalisation of heavy industries, private ownership of smaller industries and a freely elected democratic Government which would establish firm and friendly relations with U.S.S.R.

OTP.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Poland

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

C223269

[EN CLAIR] POLITICAL DISTRIBUTION

FROM MOSCOW TO FOREIGN OFFICE

Sir A. Clark Kerr
No. 1322
May 18, 1944

D. 11.17 p.m. May 18, 1944
R. 6.10 a.m. May 19, 1944

& & &

Moscow newspapers May 17th publish Tass message for London describing meeting Polish National Council when General Anders was accused anti-semitic sentiments and General Sosnkowski of attempting over-throw government. Reynolds News quoted saying Sosnkowski was trying form new government including Right extremists while Mikolaiczyk inclined to friendly policy to Russia. Another Tass message reports meeting in London theatre dealing with persecution minorities in Polish Army.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

U.S.S.R

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

[EN CLAIR] POLITICAL DISTRIBUTION. C223270

FROM MOSCOW TO FOREIGN OFFICE.

Sir A.Clark Kerr. D. 11.17.p.m. 18th May, 1944.
No.1323.
18th May, 1944. R. 7.30.a.m. 19th May, 1944.

6 6 6 6 6

Moscow newspapers May 17th publish Tass message for London reporting presentation by Soviet Ambassador of order Suvorov to British Service Chief.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[This Document is the Property of His Britannic Majesty's Government, and should be kept under Lock and Key.]

C223271

[EN CLAIR]

POLITICAL DISTRIBUTION

FROM MOSCOW TO FOREIGN OFFICE

Sir A. Clark Kerr
No. 1324
18th May, 1944

D. 11.16 p.m. 18th May, 1944
R. 6.10 a.m. 19th May, 1944

g g g g g

Wolnapolska May 8th publishes article entitled "Between Hammer and Anvil" pointing out present calm preceded entirely new situation on fronts. Foundation this strategy had been laid in Tehran and would be affected by military-political results of Red Army's winter campaign. Course of war was leading to defeat opponents of second front, Germans were on edge abyss. Article describes to what extent Allies prepared for invasion and how Germany's strategic situation had deteriorated.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

NOT FOR PUBLICATION OR BROADCAST OR USE ON CLUB TAPES BEFORE 0030 HOURS D.B.S.T., THURSDAY, 18TH MAY. NOT TO BE TRANSMITTED BEFORE THAT TIME EXCEPT TO THE COUNTRIES AND IN ACCORDANCE WITH THE CONDITIONS SET OUT HEREUNDER. MAY BE TRANSMITTED FORTHWITH TO INDIA, THE U.S.A., EGYPT, CANADA AND THE UNION OF SOUTH AFRICA BY CABLE ONLY AND ENDORSED "UNPUBLISHABLE, UNBROADCASTABLE AND UNTRANSMISSIBLE (EX COUNTRY ADDRESSED) BEFORE 22.30 HOURS G.M.T., WEDNESDAY, 17TH MAY."

MAY BE SENT TO AUSTRALIA AND NEW ZEALAND BY CABLE ONLY AND ENDORSED "PUBLISHABLE IN LOCAL MORNING PAPERS OF THURSDAY 18TH MAY BUT NOT BROADCASTABLE OR TRANSMISSIBLE UNTIL 22.30 HOURS G.M.T., WEDNESDAY 17TH MAY."

TEXT IS, HOWEVER, AVAILABLE IN ALL DOMINIONS AND WILL BE ISSUED LOCALLY.

WE, The King's Prime Ministers of the United Kingdom, Canada, Australia, New Zealand and South Africa, have now, for the first time since the outbreak of the war, been able to meet together to discuss common problems and future plans. The representatives of India at the War Cabinet and the Prime Minister of Southern Rhodesia have joined in our deliberations and are united with us.

At this memorable meeting, in the fifth year of the war, we give thanks for deliverance from the worst perils which have menaced us in the course of this long and terrible struggle against tyranny. Though hard and bitter battles lie ahead, we now see before us, in the ever-growing might of the forces of the United Nations, and in the defeats already inflicted on the foe, by land, by sea and in the air, the sure presage of our future victory.

To all our Armed Forces who in many lands are preserving our liberties with their lives, and to the peoples of all our countries whose efforts, fortitude and conviction have sustained the struggle, we express our admiration and gratitude. We honour the famous deeds of the Forces of the United States and of Soviet Russia, and pay our tribute to the fighting tenacity of the many states and nations joined with us. We remember indeed the prolonged, stubborn resistance of China, the first to be attacked by the authors of world-aggression, and we rejoice in the unquenchable spirit of our comrades in every country still in the grip of the enemy. We shall not turn from the conflict till they are restored to freedom. Not one who marches with us shall be abandoned.

We have examined the part which the British Empire and Commonwealth of Nations should bear against Germany and Japan, in harmony with our Allies. We are in cordial agreement with the general plans which have been laid before us. As in the days when we stood all alone against Germany, we affirm our inflexible and unwearying resolve to continue in the general war with the utmost of our strength until the defeat and downfall of our cruel, barbarous foes has been accomplished. We shall hold back nothing to reach the goal and bring to the speediest end the agony of mankind.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

NOT FOR PUBLICATION OR BROADCAST OR USE ON CLUB TAPES BEFORE 0030 HOURS D.B.S.T., THURSDAY, 18TH MAY. NOT TO BE TRANSMITTED BEFORE THAT TIME EXCEPT TO THE COUNTRIES AND IN ACCORDANCE WITH THE CONDITIONS SET OUT HEREUNDER. MAY BE TRANSMITTED FORTHWITH TO INDIA, THE U.S.A., EGYPT, CANADA AND THE UNION OF SOUTH AFRICA BY CABLE ONLY AND ENDORSED "UNPUBLISHABLE, UNBROADCASTABLE AND UNTRANSMISSIBLE (EX COUNTRY ADDRESSED) BEFORE 22.30 HOURS G.M.T., WEDNESDAY, 17TH MAY."

MAY BE SENT TO AUSTRALIA AND NEW ZEALAND BY CABLE ONLY AND ENDORSED "PUBLISHABLE IN LOCAL MORNING PAPERS OF THURSDAY 18TH MAY BUT NOT BROADCASTABLE OR TRANSMISSIBLE UNTIL 22.30 HOURS G.M.T., WEDNESDAY 17TH MAY."

TEXT IS, HOWEVER, AVAILABLE IN ALL DOMINIONS AND WILL BE ISSUED LOCALLY.

WE, The King's Prime Ministers of the United Kingdom, Canada, Australia, New Zealand and South Africa, have now, for the first time since the outbreak of the war, been able to meet together to discuss common problems and future plans. The representatives of India at the War Cabinet and the Prime Minister of Southern Rhodesia have joined in our deliberations and are united with us.

At this memorable meeting, in the fifth year of the war, we give thanks for deliverance from the worst perils which have menaced us in the course of this long and terrible struggle against tyranny. Though hard and bitter battles lie ahead, we now see before us, in the ever-growing might of the forces of the United Nations, and in the defeats already inflicted on the foe, by land, by sea and in the air, the sure presage of our future victory.

To all our Armed Forces who in many lands are preserving our liberties with their lives, and to the peoples of all our countries whose efforts, fortitude and conviction have sustained the struggle, we express our admiration and gratitude. We honour the famous deeds of the Forces of the United States and of Soviet Russia, and pay our tribute to the fighting tenacity of the many states and nations joined with us. We remember indeed the prolonged, stubborn resistance of China, the first to be attacked by the authors of world-aggression, and we rejoice in the unquenchable spirit of our comrades in every country still in the grip of the enemy. We shall not turn from the conflict till they are restored to freedom. Not one who marches with us shall be abandoned.

We have examined the part which the British Empire and Commonwealth of Nations should bear against Germany and Japan, in harmony with our Allies. We are in cordial agreement with the general plans which have been laid before us. As in the days when we stood all alone against Germany, we affirm our inflexible and unwearying resolve to continue in the general war with the utmost of our strength until the defeat and downfall of our cruel, barbarous foes has been accomplished. We shall hold back nothing to reach the goal and bring to the speediest end the agony of mankind.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

We have also examined together the principles which determine our foreign policies, and their application to current problems. Here too we are in complete agreement.

We are unitedly resolved to continue, shoulder to shoulder with our Allies, all needful exertions which will aid our Fleets, Armies and Air Forces during the war and thereafter to make sure of an enduring peace. We trust and pray that the victory, which will certainly be won, will carry with it a sense of hope and freedom for all the world. It is our aim that, when the storms and passions of war have passed away, all countries now overrun by the enemy shall be free to decide for themselves their future form of democratic government.

Mutual respect and honest conduct between nations is our chief desire. We are determined to work with all peace-loving peoples in order that tyranny and aggression shall be removed or, if need be, struck down wherever it raises its head. The peoples of the British Empire and Commonwealth of Nations willingly make their sacrifices to the common cause. We seek no advantages for ourselves at the cost of others. We desire the welfare and social advance of all nations and that they may help each other to better and broader days.

We affirm that after the war a World Organisation to maintain peace and security should be set up and endowed with the necessary power and authority to prevent aggression and violence.

In a world torn by strife, we have met here in unity. That unity finds its strength, not in any formal bond but in the hidden springs from which human action flows. We rejoice in our inheritance of loyalties and ideals, and proclaim our sense of kinship to one another. Our system of free association has enabled us, each and all, to claim a full share of the common burden. Although spread across the globe, we have stood together through the stresses of two World Wars, and have been welded the stronger thereby. We believe that when victory is won and peace returns, this same free association, this inherent unity of purpose, will make us able to do further service to mankind.

(Signed) WINSTON S. CHURCHILL

Prime Minister of the United Kingdom of Great Britain and Northern Ireland

(Signed) W.L. MACKENZIE KING

Prime Minister of Canada

(Signed) JOHN CURTIN

Prime Minister of the Commonwealth of Australia

(Signed) PETER FRASER

Prime Minister of New Zealand

(Signed) J.C. SMUTS, F.M.

Prime Minister of the Union of South Africa

I 6 MAY 1944

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

OUTWARD TELEGRAM

C223274

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

R.7772/9/G

[Cypher]. WAR CABINET DISTRIBUTION

FROM FOREIGN OFFICE TO BEIRUT

No. 255 D. 9.40 p.m. 18th May, 1944.
18th May, 1944.

Repeated to His Majesty's Ambassador to the Greek Government in Cairo No. 217,
Resmin Med No. 1051.

////

IMMEDIATE

Your telegram No. 292 [of May 15th: Greek Conference in Lebanon].

Following for His Majesty's Ambassador to Greece.

Prime Minister and I agree that message addressed to Prime Minister should be published. Unless you see objection I propose to do this within the next day or two and in any case not later than Tuesday, May 23rd.

2. Can the names of the signatories be published or must they be withheld for security reasons?

3. I assume that message to the President has been passed on by United States Ambassador.

[Copies sent to Mr. Wiltshire].

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Food Conf.

OUTWARD TELEGRAM

C223275

U4350/109/53

[CYPHER] SPECIAL (FOOD CONFERENCE)

FROM FOREIGN OFFICE TO WASHINGTON

No. 4393
18th May 1944

D. 1.25 p.m. 18th May 1944.

Z-Z-Z-Z-Z

MOST IMMEDIATE

Your telegram No. 2595 [Wheat]

Following for Twentyman.

We authorise you to accept agreement on basis of paragraph seven of my telegram No. 3271 with proviso in paragraph 5(b) of your telegram No. 2458 on condition that you can arrange exchange of letters with Canada providing that in spite of possible greater attractiveness of United States market, she will make available to us our requirements within the agreed price range. Exchange of letters need not form part of actual agreement.

OTP

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

OUTWARD TELEGRAM

C2223276

R. 7772/9/G.
[THIS TELEGRAM IS OF PARTICULAR SECRECY AND SHOULD BE RETAINED BY THE AUTHORISED RECIPIENT AND NOT PASSED ON].

[CYPHER]. WAR CABINET DISTRIBUTION.

FROM FOREIGN OFFICE TO WASHINGTON.

No. 4413.
May 18th, 1944.

D. 10.45 p.m. May 18th, 1944.

Repeated to Beirut (for Mr. Leeper) No. 256.
Cairo (His Majesty's Embassy to Greek Government) No. 218.
Resmin Med No. 1052.

yyyyy

IMPORTANT.

Beirut telegrams Nos. 284 and 285 [of May 14th: Greek Conference in the Lebanon].

A message in very similar terms has been sent to the Prime Minister also signed by Svolos representing the Political Committee of National Liberation, Por[phyrogennis] for E.A.M. and Roussos for the Communist Party. Svolos informed Mr. Leeper that he has no objection to the publication of the messages.

2. State Department will no doubt have received text of message to the President from Mr. Macveagh. You could inform them that the Prime Minister proposes to publish the message addressed to him within the next few days. Before doing so we are ascertaining from Mr. Leeper whether the names of the signatories can be disclosed. Matter does not appear to be of such importance that we need try to synchronise publication of the two messages.

[Copies sent to Mr. Wiltshire].

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Portugal

C223277

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

[CYPHER]

WAR CABINET DISTRIBUTION

FROM WASHINGTON TO FOREIGN OFFICE

Viscount Halifax
No. 2617
18th May, 1944.

D. 12.08 a.m. 19th May, 1944.
R. 9.10 a.m. 19th May, 1944.

Repeated to Lisbon No. 161

SSSSS

MOST IMMEDIATE

Your telegram No. 4371.

State Department reply just received (see my immediately following telegram) returns a flat negative to your proposals for a compromise settlement and urges that nothing less than a total embargo should be required of the Portuguese Government.

2. We have stressed over-riding importance of securing an immediate settlement which will virtually deny to Germany wolfram over the next few vital months and the fact that the risk, if not the certainty, of becoming involved in long-drawn out negotiations is of far greater danger even than in the case of Spain, since we have not in this case even a temporary embargo and substantial quantities of wolfram are moving to Germany while we argue.

3. The State Department profess confidence that much stronger line of approach to Salazar which you now propose (and of which they fully approve) will secure complete objective and that in any case it should be given a full trial. They do not appear to have considered what steps they would next propose if Salazar remains obdurate and do not regard it as necessary even to consider a compromise at least until a full trial has been given to the proposed new representations. This of course seems to show a complete failure to appreciate Salazar's mentality or probability that a demand for an embargo under threat may render it impossible to obtain even a compromise settlement at a later stage.

4. I will try and see Hull to-morrow (Friday) afternoon and propose to repeat our arguments to him as forcibly as possible. Have you any further instructions or any personal message which you wish me to convey to him?

OTP

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Italy

OUTWARD TELEGRAM

C223278

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed].

R 7791/15/22.

[CYPHER] WAR CABINET DISTRIBUTION.

FROM FOREIGN OFFICE TO NAPLES (HIGH COMMISSIONER)

No. 118. D. 3.30 a.m. 19th May, 1944.

18th May, 1944.

Repeated to Resmin Med No. 1057.

£ £ £ £ £ £

Your telegram No. 123 [of May 16th: interview given by Crown Prince to "Times"].

If Crown Prince informs you of his intention to make a statement you should take the line that he should not make any statement, least of all a controversial one, without the advice of the Government.

[Copies sent to Mr. Wiltshire].

O.T.P.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

OUTWARD TELEGRAM

C223279

[EN CLAIR] WAR CABINET DISTRIBUTION.

FROM FOREIGN OFFICE TO ALGIERS (RESIDENT MINISTER)

No. 1055.
18th May, 1944.

D. 3.30.a.m. 19th May, 1944.

Repeated to Bari No. 34,
His Majesty's Chargé d'Affaires to the
Yugoslav Government, Cairo. No. 287.

6 6 6 6 6

I was asked in the House of Commons on 17th May what proofs I had received from General Velebit of General Mihailovic's collaboration with the Germans and whether I had communicated these proofs to King Peter or his Prime Minister.

2. I replied "General Velebit's visit to this country has been concerned solely with military matters. Political questions have not therefore been discussed with him"

[Copies sent to Mr. Wiltshire]

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Portugal

C223280

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

[CYPHER] WAR CABINET DISTRIBUTION

FROM LISBON TO FOREIGN OFFICE

Sir R. Campbell.
No. 887.

D. 10.58. a.m. 19th May, 1944.

19th May, 1944.

R. 1.40. p.m. 19th May, 1944.

.....

IMMEDIATE

My telegram No. 344 to Ministry of Economic Warfare.

Confirmed exports for May next already exceed 20 tons limit by at least 27 tons. Even if Americans come into line immediately some adjustment of your formula would therefore seem required.

OTP

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PRESS SURVEY

C223281

WARTIME INFORMATION BOARD, OTTAWA

--Not for Publication--

May 23 to May 30, 1944

NEWS TREATMENT

The fighting in Italy and the continued bombing of German industrial centres have been the featured news of the week. Canadian participation has been highlighted.

The Saskatchewan papers have featured election statements and speeches on their main domestic news pages. Ontario, B.C. and Quebec papers have given prominence to the forest fires in those provinces. Mr. King's address to Parliament after his return was conspicuously placed on main news pages.

EDITORIAL COMMENT

Topics of interest in the news have been reflected in the subject matter of the main editorials. With the new offensive in Italy editorials on the war operations have reached the highest total in many weeks. Discussion of Commonwealth relations has dropped off with the close of the London conference.

The following table gives the percentage of editorials under the usual classifications:

	E-L	F-L	Both	E-L	F-L	Both
INTERNATIONAL AFFAIRS				50%	53%	51%
War	22%	12%	21%			
United Nations	15	25	17			
Commonwealth Relations	5	9	5			
Enemy Countries	6	3	6			
Neutral Countries	2	4	2			
DOMESTIC AFFAIRS				50	47	49
Federal Politics	13	5	12			
Social Problems	10	15	10			
Armed Services	6	5	6			
Production	5	6	5			
Postwar Planning	4	4	4			
Provincial Politics	4	5	4			
Manpower and Labour	3	4	3			
Finance	2	1	2			
Information Services	2	1	2			
Economic Controls	1	1	1			
	100%	100%	100%	100%	100%	100%
Total editorials used:	835	117	942			

INTERNATIONAL AFFAIRS

War

The largest number of editorials deal with the fighting in Italy and its possible relation to the invasion. Satisfaction with the part being played by the Canadian forces is expressed and there is considerable admiration and appreciation of the French co-operation. The KITCHENER RECORD makes a particular point of the fact that the armies in Italy form a "true United Nations Army". It says:

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

> An impressive aspect of the fighting in and around Italy is the wide variety of troops participating in the the struggle...From all corners of the earth there have been gathered together men of many nations, of many races, of many shades of colour and of many creeds to form a true United Nations army which is bent on taking the starch out of the German "master race".

Editors appear to be of the opinion that all portents point to the imminence of invasion, but continue to warn against any easy optimism with regard to its success.

The MONTREAL HERALD suggests that the delay in launching the invasion from the West may be due to the necessity of waiting for the Russians:

> It may well be that it is not Russia who is waiting on the Allies, but the Allies who are waiting on Russia. On the long north and South extent of the Russian front spring does not come simultaneously. The weather experts say, and the German radio also has been stressing it, that on the Romanian front ground is already hard enough for the movement of heavy vehicles. On the central front, before Lwow, the gateway to Poland and the shortest route to Berlin, the ground has been a little soft for the past week, but should be ready now, barring heavy rains, for the movement of armour. North of there, White Russia is still soggy, and there are still patches of snow on the Estonia-Latvian front. It is estimated that these will not harden for another week. From this point of view the recent occasional Russian chirps of complaint about the slowness of the Allies in starting the invasion may have been just eyewash for for the benefit of the Germans.

The SYDNEY POST RECORD reviews the formation of the New French Army and says:

> Only a small fraction of the new French army is being used in Italy. Many times the number of soldiers who have been action in the last few days are no doubt waiting impatiently somewhere around the perimeter of Europe for the word to strike back into France itself. When the new French army begins to fight on its own soil a new chapter in the history of this war will be unfolded.

United Nations

The speech delivered by Prime Minister Churchill on the opening of the debate in the British House on foreign policy has been well received. The following comments are typical of the general reaction of English-language papers:

> MONTREAL GAZETTE: The outline of the coming world organization to preserve peace took firmer shape after the review of foreign affairs with which Mr. Churchill opened the two-day debate in London yesterday....With the Prime Minister's speech the world has moved another step closer to the association of peace-loving nations on which the future of mankind rests, and it is fitting that the nation that stood alone so long against the menace should take the lead in preventing its recurrence.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

> VANCOUVER NEWS HERALD: Prime Minister Winston Churchill's speech in the House of Commons foreign policy debate Wednesday will go far to assure the world that Britain does not lack vision in her approach to the postwar world. Mr. Churchill has chosen what appears to be the only satisfactory basis of compromise -- the establishment and maintenance of a just international settlement through an international organization...

Most French-language papers approve of the speech, though some object to particular portions of it. LA PATRIE welcomes the apparent agreement between Mr. Churchill and Mr. Cordell Hull:

> Relue aujourd'hui, au lendemain du discours que vient de prononcer M. Churchill, cette déclaration de M. Hull révèle la similitude des politiques américaine et britannique à l'égard des grands problèmes de l'après-guerre. Le premier ministre de Grande-Bretagne désire fonder la paix future sur l'autorité d'un organizme international pourvu des moyens de faire respecter ses décisions. C'est précisément ce que recommandait M. Cordell Hull... S'il y a des divergences entre les Etats Unis et la Grande-Bretagne, au sujet du règlement de certains problèmes de l'après-guerre, elles n'affectent donc pas les grands principes fondamentaux exposés ci-dessus.

L'ACTION CATHOLIQUE objects to the suggestion of a "Commonwealth bloc":

> Si les dépêches rapportent fidèlement les paroles du Premier Ministre, celui-ci affirmerait que les nations du Commonwealth se sont entendues et feront bloc lors de la conférence de la paix...La constitution d'un tel bloc ne contredit-elle pas certaine parole de M. King?

French-language papers were particularly interested in Mr. Churchill's reference to Spain:

> LA PATRIE: On ne pourra qu'apprécier les propos pleins de justesse et de compréhension qu'a tenus M. Churchill à l'égard de l'Espagne.
>
> L'ACTION CATHOLIQUE: Nous applaudissons des deux mains ce passage du discours de M. Churchill. Pour avoir exprimé souventes fois la même idée, L'ACTION CATHOLIQUE a été traitée de fasciste. Qui va accuser le premier ministre d'Angleterre de fascisme?

LE SOLEIL regards Mr. Churchill's attitude to Franco as dictated by political expediency.

There has been some comment on the relaxing of the law governing travel to the United States. This move on the part of the Government has been welcomed. The ST. CATHARINES STANDARD says:

> The government relaxation is to be commended. A little freer intercourse with our neighbours to the south, in this crisis of war, a crisis of survival, cannot help but lead to better understanding or more knowledge gained by Americans of what Canada is doing in the war.

However, editors point out that even with these relaxations, other travel restrictions in Canada and the United States will prevent any large movement of Canadians across the border.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223284

There have been further editorials in the French-language press on the subject of Father Orlemanski's visit to Moscow. With the exception of LE JOUR and LA VICTOIRE, the tone of these is well represented by the following from LE NOUVELLISTE:

> Peu importe ce que Staline aurait déclaré ou promis à l'abbé Orlemanski. Un engagement de plus ou de moins cela importe peu à Staline! D'ailleurs s'il peut être question de régler un problème affectant les intérêts de l'Eglise en Pologne c'est avec le Vatican et non pas avec un prêtre américain que Staline devra traiter.

LE DEVOIR writes an editorial in favour of sending foodstuffs to children in German-occupied Europe:

> L'abominable tragédie de la guerre, la faute inexpiable que rien ne saurait laver devant l'humanité, serait la lente agonie de millions d'enfants sur la terre d'Europe, condamnés à la tuberculose et à la mort "pour fins stratégiques".

Other topics discussed under this classification have been the President's review of Mutual Aid, Canada's aid to Russia, the presidential elections in the United States, and one or two comments on the St. Lawrence Waterway.

Commonwealth Relations

Discussion of Commonwealth Relations has died down considerably since the joint statement issued at the close of the Prime Ministers' Conference. The majority of editors now seem agreed that all parts of the Empire are seeking the same goals, though there may have been some misunderstanding as to methods. It is felt that this misunderstanding has now been ironed out, and arguments about closer collaboration within the Commonwealth have consequently become much less frequent in editorial columns.

All papers received in time for this SURVEY comment on Mr. King's return and extend him a cordial reception. Typical comments are as follows:

> KITCHENER RECORD: Members of the House of Commons extended Prime Minister Mackenzie King the glad hand and expressed pleasure over his safe return from the historic conference of Commonwealth prime ministers in London. The sentiments which the people's representatives expressed to Mr. King irrespective of party affiliations are those of the nation as a whole. It is generally conceded that the prime minister did a pretty good job in London as spokesman for the senior dominion.
>
> TORONTO GLOBE AND MAIL: Party politics was submerged, and properly so, in cordial welcome extended to the Prime Minister of Canada on his return to Ottawa from the historic conference of Commonwealth statesmen in London. Mr. King represented the senior dominion at that memorable gathering with dignity and distinction, and brought back a message auguring well for future relations.
>
> WINDSOR STAR: Mr. King is more than the leader of a political party. He is the Prime Minister of Canada and in that capacity he went to the Imperial Conference in London....In the heat of bitter political argument party men do not hedge in asserting their views. Mr. King, himself, can slug it out verbally with the best of them. He does not back away from debate. But, there are times when party politics shades into the background and all Members of Parliament meet on a common plane. One of these occasions came when the Prime Minister of Canada returned in safety to this Dominion...

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

VANCOUVER SUN: Of Mr. King, who is back in Canada from attending the conference of prime ministers of the Empire, we shall say that he represented us well, got into no diplomatic scrapes while he was absent from home....We have to win the war and then to grapple with vast questions of social planning and prodigious physical development. Mr. King appears to be as alive to the importance of both as any empire statesman. On the personal side too he will be congratulated by every Canadian, because it is a formidable undertaking for any man facing 70 to fly back and forth over the Atlantic as he has done.

Mr. King's address to Parliament after his return was also very well received with only one or two exceptions.

HAMILTON SPECTATOR: One is not warranted in inferring from his statement in Parliament yesterday that he receded from his earlier attitudes, but, rather, that he himself was agreeably surprised by the discovery that Britain and the dominions stand largely on common ground, see eye to eye on the major issues, and give every promise of proceeding in harmony toward the fulfilment of their mutual ideals.

MONTREAL STAR: Two points stand out in the statement made by Premier Mackenzie King in the House of Commons yesterday regarding his attendance at the London Conference of Commonwealth Premiers. One is his emphasis on the unanimity that characterized the conference ....The other point in Mr. King's address which must have impressed all who have read it was his reference to that phase of the war on which we are about to enter.

OTTAWA JOURNAL: To Ottawa citizens who met to honor him Prime Minister King warned: "The postwar era will not be an easy period in which to live". It was a reminder we cannot have too often, especially from those in authority. For we have had too much Pollyanna talk too many dewy-eyed millenarians with promises of a paradise of plastics and gadgets immediately the guns stop shooting.

GLACE BAY GAZETTE: The predilection of Canada's Prime Minister to utter serious and profound remarks that, upon analysis, mean nothing has long been an irritant. It was apparently too much to hope that, after his brilliant participation in the Imperial Conference, he would conform to that same high standard upon his return...We do not know who is the author of his more important speeches, although we detect the fine hand of Leonard Brockington; but whoever his ghost writer is, he ought to write speeches that suit Mr. King's temperament. The Prime Minister of Canada will be judged by posterity, for his actions, not for his speeches.

Almost every French-language daily included on its editorial page a short note of welcome to Mr. King on his return home. Pro-Liberal papers added praise and congratulations to their greetings. LE CANADA calls Mr. King "our greatest leader since Laurier"; LA PRESSE writes an extremely laudatory editorial offering him "the homage of our admiration". LA PATRIE says:

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223286

> La mission que vient de remplir à Londres le premier ministre du Canada fait étape dans l'histoire politique de notre pays. Même les adversaires de M. King reconnaissent que le Canada gagne en prestige international et en autorité au sein du commonwealth, à la suite du discours qu'a prononcé M. King devant le parlement de Grande-Bretagne. L'attitude canadienne, au cours des entretiens des premiers ministres britanniques, a été celle d'une nation qui demeure fidèle à ses attaches et à ses traditions, mais qui entend néanmoins demeurer seule maîtresse de sa destinée politique.

In TERRE DE CHEZ NOUS, a farmers' weekly with a wide circulation, Roger Duhamel, who is also an editor of LA PATRIE, writes in a more critical tone of Mr. King's speech in London:

> Un discours à tiroirs, comme d'habitude, qui permet des variations très étendues aux différents orateurs politiques, selon qu'ils s'expriment devant un auditoire anglo-canadien ou canadien-français....Dans l'ensemble, le discours de M. King à Londres ne change rien à rien. Il n'a fait aucune déclaration sensationnelle ou inédite. Ce n'est qu'une pièce de propaganda électorale à destination des consommateurs canadiens. Comme telle, l'avenir prochain dira si elle a atteint son but.

LE DEVOIR continues to discuss Mr. King's attitude at the conference, maintaining that those who interpret it as favorable to Canadian independence are wide of the mark:

> On représente M. Mackenzie King sous les traits d'un fougueux autonomiste qui a remporté à la conférence des premiers m ministres du Commonwealth une victoire éclatante sur les impér impérialistes centralisateurs. Rien n'est plus loin de la vérité....L'unité de l'Empire, tel était le but vers lequel rendaient tous les délégues à la conférence des premiers ministres. M. Mackenzie King serait le premier à se récrier si, prenant à la lettre la propagande libérale de LA PRESSE, du CANADA et du SOLEIL, on lui demandait si l'attitude qu'il a adoptée à Londres signifiait qu'il était en faveur de l'indépendance du Canada..

DOMESTIC AFFAIRS

Federal Politics

Main interest of the week has centred around the advice given by M. Henri Bourassa to the Bloc Populaire that members should support C.C.F. candidates where there was not one of their own. Many of the reactions in the English-language papers are of a humorous nature at the expense of the C.C.F. and suggest that M. Bourassa has acutely embarrassed Mr. Coldwell. A few of the more serious comments are quoted as typical of the interpretations placed on this statement:

> MONTREAL HERALD: We are convinced that Mr. Bourassa's record as an anti-British agitator is sufficient to deflect many votes from any candidate he endorses, even in the Province of Quebec.
>
> MONCTON TIMES: What is apparent, however, in the Bourassa manoeuvre is that the C.C.F. is becoming the synthesis of all those in the country who are determined on achieving their own ends, whether their aims converge or not. If they cannot proceed directly through their own parties they will proceed indirectly through the C.C.F., which thus tends to be the instrument of disruptive forces, pulling the country this way and that.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223287

It is a tendency that the C.C.F. itself will have to recognize and overcome.

WINNIPEG TRIBUNE: Mr. Bourassa's support of the C.C.F. comes at a particularly interesting time when Liberal hacks and the government's puppet press have been hinting darkly at an alliance between the Progressive Conservative and the Quebec Nationalist groups.

QUEBEC CHRONICLE TELEGRAPH: No matter whatever else may be said of the Bloc in criticism, it must be credited with having a particularly keen eye to its own interests and when Mr. Bourassa tells its sympathizers to vote C.C.F., he knows quite well what he is doing. The very fact then, that a strong C.C.F. is considered by the Bloc to be in its own interests, it is one more reason -- and a conclusive one -- for patriotic, responsible Canadians to vote against the C.C.F.

For the French-language press M. Bourassa's remark was the leading story of the week. LE SOLEIL writes:

> Dorénavant, les Canadiens français savent qu'en votant pour le Bloc d'un Maxime Raymond ou d'un André Laurendeau, ils aideront à la combinaison du groupe dont M. Coldwell est le chef....Nationalistes et socialistes s'entendent sur plus d'un point, mais ils sont unis plus particulièrement par leur désir commun d'accéder au pouvoir.

Next day, after Mr. Coldwell's declaration on the subject, LE SOLEIL says:

> De cette déclaration, aussi piquante qu'importante on peut induire que le parti de la C.C.F. appuie en principe la politique militaire du gouvernement libéral, que M. Bourassa lançait un ballon d'essai....que cette offre est repoussée avec énergie par M. Coldwell....

LE DROIT says:

> La tactique de M. Coldwell est claire. Il redoute que, dans les provinces anglo-canadiennes, on exploite le conseil de M. Bourassa, au détriment de la C.C.F. et qu'on laisse entendre aux électeurs de langue anglaise que voter pour la C.C.F., c'est appuyer un parti qui s'alliera à un groupe québecois qui ne partage pas leurs idées sur le Canada et la guerre. Le leader de la C.C.F. a vu juste. Le Toronto Globe and Mail s'est hâté d'exploiter le conseil de M. Bourassa dans le sens redouté par M. Coldwell.

MONTREAL-MATIN does not take M. Bourassa seriously:

> M. Bourassa est un pince-sans-rire. A-t-il simplement mêler les et se payer un peu la tête et du Bloc et du C.C.F.? Plusieurs le croient.

Armed Services

The question of using soldiers on the farms to alleviate the serious shortage of help has been discussed by several editors. The Windsor STAR says:

> Granted these men were not recruited for that sort of work, but they would be much more profitably occupied at it than most of them are at present in training camps. They were drafted to defend Canada in case of attack or invasion, but the Government still refuses to make them available for overseas service. Without being

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

unduly complacent, we must recognize the fact that there is today little chance of an assault on this country by our enemies. Even if raids should occur at isolated points, a sufficient force could be maintained in the vital areas to deal with this situation while the larger majority of the trainees are helping on the farms. There is not today even the excuse of training. Officers in charge of the drafted units admit that they are desperate to find ways to occupy the time and attention of the men.... Meanwhile, prisoners of war are given almost complete liberty to work in the fields and many of them are positively dangerous. The constant record of escapes should show they are not to be trusted but they are being placed in positions where they can commit sabotage or actual violence, while our uniformed men are really wasting their time.

There have been many bitter comments on the shooting of the 47 Allied airmen attempting to escape from a German prison camp. Although no editors have been quite so outspoken as the London Daily Express, the majority suggest that this shooting has all the earmarks of another planned German atrocity.

Two French-language dailies, LE DROIT and L'ACTION CATHOLIQUE, together with a number of weeklies, comment on the report that some soldiers were ill-treated and forced to sign up for active service in Vernon, B.C.

Social Problems

Problems of housing, juvenile delinquency, education, teachers' salaries, health, etc., have been widely discussed without new or noteworthy comment.

Although no French-language dailies have commented upon the Guenette Case, several weeklies attack the Mounted Police. LE BLOC, organ of the Bloc Populaire, uses the following banner headline: LE DRAME DE ST-LAMBERT: GEORGES GUENETTE FUT ABATTU COMME UN CHIEN: QUE JUSTICE SOIT FAITE. LE BLOC's story begins as follows:

> Dimanche, le 7 mai, à l'aube du jour de Seigneur, à cinq heures et 45 exactement, Georges Guénettes, jeune homme âgé de 24 ans et 4 mois, tombait face contre terre dans un sillon fraîchement tracé, instantanément foudroyé par la balle meurtrière de la Gestapo d'Ottawa.

LE PROGRESS DU GOLFE writes:

> Ce jeune compagnard hors-la-loi, fils unique, soutien de son père et de sa mère, n'était tout de même pas un bandit cambrioleur ou assassin. La "Mounted Police" devait et pouvait prendre les moyens de l'arrêter, mais non de le tuer... Quels sont les responsables d'une pareille tragédie? Les "Mounties" ont-ils obéi à des ordres? Fait du zèle? Manqué de jugement ou d'aptitude au maniement des armes? Il faudrait le savoir pour que ne se répète pas cette malheureuse affaire.

Provincial

The forthcoming election in Saskatchewan has been the main topic of interest under this classification. Many editors have been campaigning against the C.C.F. and supporting the Liberal or Progressive Conservative Parties. Editors appear generally agreed that the results will be indicative of possible federal results in the next general election.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Finance

There has been very little discussion of financial matters. There has been some speculation as to reforms or tax adjustments in the forthcoming budget.

Manpower and Labour

Editors have again shown little interest in labour problems, except for occasional comment on the shortage of manpower for certain industries.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223289

Finance

There has been very little discussion of financial matters. There has been some speculation as to reforms or tax adjustments in the forthcoming budget.

Manpower and Labour

Editors have again shown little interest in labour problems, except for occasional comment on the shortage of manpower for certain industries.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

NAR/ET
24 May, 1944

MEMORANDUM FOR THE PRIME MINISTER: C223290 TOP SECRET

I have just received some information which I believe throws some light on the background of Mr.Churchill's preoccupation with the Russian question during the meetings of Prime Ministers.

I am informed by a friend in the British Intelligence Service that during the first week of May Mr.Churchill received an offensively worded personal message from Molotov taxing the United Kingdom with having sent a secret underground mission to Roumania without informing the Soviet Government that this step was in contemplation. The mission,which was despatched in December last,was in fact apprehended by the Roumanian authorities immediately on arrival and publicity was at once given to the fact that its members had been taken prisoner. These have been keep in Roumanian custody and not handed over to the Germans who wished to hold them, and have, up to now, been allowed to keep the secret cyphers and sending transmitters which they brought with them. With the connivance of the Roumanian authorities, the mission,though prisoners of war, have been used as a channel of communication between the British authorities and Maniu and Prince Stirbey and other Roumanians anxious to get Roumania out of the war.

Although the Russians were not told of the original British plan, they have known of its results for four or five months, and this makes it strange that Molotov should have waited until the first of May before charging the United Kingdom with lack of candour and cooperation.

Churchill was very angry about the tone of the Soviet communication,to which he replied in kind. Here matters were deadlocked for a week until Eden's return to the Foreign Office. He sent a much more conciliatory message to Moscow explaining why the United Kingdom had thought the despatch of this secret mission to Roumania would help the Allied war effort, and attempting to remove the Russian suspicion against the United Kingdom of trying to make a private deal with members of the Roumanian ruling classes without consulting their Allies. Since then you will have seen from Dominions Office telegram No.Circular D.758 of May 20 that the United Kingdom have now suggested to the Soviet Government that efforts to bring Roumania out of the war should be recognized as a primary responsibility of the Soviet Union,while efforts to organize and consolidate Greek resistance to the enemy should be recognized as primarily a British responsibility. Agreement on this formula may lessen the friction and misunderstandings which have attended Allied diplomatic efforts in the Balkans.

C223291 This/

P.T.O.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

This incident, about which I have only learned since returning to Ottawa, seems to me in retrospect to have unduly influenced Mr. Churchill's appreciation of the possibilities of continuing cooperation with the Soviet Union, and indirectly to have affected his attitude toward a number of related questions and explaining in part -

(1) his preoccupation with the regional organization of Europe
(2) his readiness to see Germany playing an important part in such an organization in five years time, and
(3) his indignation at de Gaulle's suggestion that France should have a "permanent ally" of the Soviet Union (In this last connection it may be observed that de Gaulle really did not go beyond the hope that France might achieve the same sort of relationship with the U.S.S.R. that the United Kingdom had achieved under the 20 years Treaty of Alliance with the Soviet Union).

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223291

This incident, about which I have only learned since returning to Ottawa, seems to me in retrospect to have unduly influenced Mr. Churchill's appreciation of the possibilities of continuing cooperation with the Soviet Union, and indirectly to have affected his attitude toward a number of related questions and explaining in part -

(1) his preoccupation with the regional organization of Europe
(2) his readiness to see Germany playing an important part in such an organization in five years time, and
(3) his indignation at de Gaulle's suggestion that France should have a "permanent ally" of the Soviet Union (In this last connection it may be observed that de Gaulle really did not go beyond the hope that France might achieve the same sort of relationship with the U.S.S.R. that the United Kingdom had achieved under the 20 years Treaty of Alliance with the Soviet Union).

C223290

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PRESS SURVEY

C223292

WARTIME INFORMATION BOARD, OTTAWA

- Not for publication -

May 30 to June 6, 1944

NEWS TREATMENT

The advances in Italy and the subsequent capture of Rome were the major headline news stories of the week. The papers of June 6 were completely taken up with the invasion. From the amount of space devoted to it, the "breach of Germany's West Wall" looks like the greatest news story ever printed. The morning papers carried two and three inch banner headlines, and devoted several pages exclusively to stories and reports from invasion headquarters and other sources. The evening papers gave even more space to stories and eye-witness accounts of the launching of the attack, and to pictures and biographies of all the Allied leaders.

Owing to the heightened interest of the war news few items of domestic news have been headlined or given prominent placing on the main news pages. The riots in Montreal were fairly widely reported, and meetings or statements on the necessity for conscription for overseas service have been given noticeable prominence by many papers. A number of Ontario papers carried reproductions of the official statement of the Chief Commissioner, Liquor Control Board of Ontario, respecting the further restrictions in the sale of spirits in that province.

The western papers showed some interest in the forthcoming Saskatchewan election, giving prominence to addresses and statements by various candidates.

EDITORIAL COMMENT

Editorials on war topics remain at the high level, which they attained with the new offensive in Italy. There are also a large number of editorials on United Nations topics.

The following table gives the percentages of editorials under the usual classifications:

	E-L	F-L	Both	E-L	F-L	Both
INTERNATIONAL AFFAIRS				50%	45%	50%
War	19%	19%	19%			
United Nations	18	14	18			
Commonwealth Relations	4	9	5			
Neutral Countries	3	3	3			
Enemy Countries	6	0	5			
DOMESTIC AFFAIRS				50	55	50
Federal Politics	11	6	10			
Social Problems	11	16	12			
Provincial Politics	4	13	6			
Armed Services	5	4	5			
Postwar Planning	4	4	4			
Production	3	5	3			
Finance	3	6	3			
Economic Controls	4	0	3			
Manpower and Labour	4	0	3			
Information Services	1	1	1			
	100%	100%	100%	100%	100%	100%
Total editorials used:	943	126	1069			

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223293

INTERNATIONAL AFFAIRS

War

Owing to the accelerated pace of war developments within the last few days, many editorials during the period covered are already out-dated. The great majority of them dealt with the probable date of D-Day, while others had to do with the appeals to spare Rome, the advance in Italy, etc. The words of President Roosevelt, "Liberation rather than invasion", were the basis of considerable comment, and the 4th anniversary of Dunkerque brought forth many inspirational editorials.

United Nations

The main subject of interest in this field was the announcement by U.S. Secretary of State Cordell Hull that the Washington Government was ready to proceed to discussion with Great Britain, Russia and China on the organization of an international security body. Secondary subjects were the nomination campaigns in the United States, aid to Russia, the underground in occupied countries, and the attitude of the Vichy government in relation to the French people as a whole.

The following extracts, taken in sequence, give a fair interpretation of the reaction of Canadian editors to the peace organization suggested by Mr. Hull:

WINDSOR STAR: One of the most important matters that will have to be dealt with by the four-power conference on post-war world organization will be a decision as to the method by which force will be applied to guarantee peace. So much has been said of an international peace organization that the impression has gone abroad that all the United Nations are agreed on this principle. This is not so. In fact, it is one of the most contentious points with which the diplomat will have to deal.

VANCOUVER NEWS HERALD: It is pretty generally acknowledged that after the last war we lost the peace by not convincing Germany she was beaten. By the use of skillful propaganda the defeated enemy stirred up a considerable body of misguided sympathy among weak-minded emotionalists in both Britain and the United States. Now that Victory is assured there are signs of a repetition of similar softness.

FORT WILLIAM TIMES JOURNAL: Two wars unparalleled in dimensions and destructiveness and within the last thirty years have shown that any nation which values its own independence and the liberty of its people must take steps to provide realistic safeguards. Already there are those who are deeply distressed by this war of the present and who are hoping for its end but who also are worried over the possibility that later on another war will break out. Terrific events have shown that peoples who value freedom cannot leave themselves unguarded and be safe from molestation and danger.

HAMILTON SPECTATOR: The prospects today are for more effective action. The principle of international co-operation for the maintenance of peace has been accepted by both political parties in the United States....

VANCOUVER SUN: Mr. Roosevelt has long been resolved to avoid the mistake of Woodrow Wilson after the last war. The chief of these was to make the peace settlement an issue of party politics. Already it is evident that Mr. Roosevelt has gone a long way towards keeping the peace settlement out of party politics altogether.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223294

WINNIPEG TRIBUNE: Mr. Hull's invitation is a clear sign that the Big Four are likely to get down to the business of framing the world organization without delay. That is all to the good. If the matter were left hanging in the air until after the war, all their pious protestations might come to nothing. It has been obviously necessary to set up certain world economic organizations like UNRRA, in advance of victory. Otherwise the United Nations would have no machinery for coping with the relief of starvation in liberated countries. Similarly it is necessary to have the framework of a world political organization ready before the victim nations are liberated and peace is imposed upon enemy countries. If the great powers put off deciding the shape of the world organization, they would invite chaos. Europe is going to be hopelessly disorganized in any event.

The MONTREAL GAZETTE takes the opportunity to comment again on Mr. King's attitude toward the Halifax proposals:

> Yet it is clear that the Big Four will be not only the preliminary organization, but the nucleus in any wider group with which the main power and responsibility will continue to rest. It would seem that such an organization as this is widely out-of-accord with the views on international policies held and presented by Prime Minister King after Lord Halifax's speech. Mr. King opposed then a consolidation even of the British Commonwealth with the fear that it would introduce the bloc principle into international affairs. In particular, he feared the effect that such a bloc might have upon the United States and Russia. But now these two nations, together with Great Britain and China, have themselves accepted the bloc principle as providing the only dependable foundation for world security. Since Mr. King was so forthright in opposing the British Commonwealth bloc, will he now show an equal vigor in opposing this bloc of the Big Four? Surely, in accordance with his own principles, he has even stronger grounds for so doing. If he does he will find himself in the piquant position of opposing the governments ofnthe United States, Russia, Great Britain and China. More than this, will Canada refuse to co-operate in a world organization founded upon the bloc principle?

The French-language papers have also shown considerable interest in the organization of a world peace body. LE DEVOIR, commenting upon the attitude of the United States toward co-operation in future world affairs, writes:

> Il semble bien que l'isolationisme qui depuis deux siècles fut la caractéristique dominante de la politique des Etats-Unis, soit désormais chose du passé. ... Mais la position nouvelle que les Etats-Unis prennent dans le domaine international va transformer le visage du monde. ... Désormais se lève à l'horizon politique, militaire et économique une puissance qui va faire pâlir ce qu'on considérait jusqu'ici comme le sommet impérial, qui devra maintenir sur pied une grande partie de sa force militaire, et sera forcé, quoi qu'il en veuille, d'intervenir de façon plus ou moins directe, dans presque tous les problèmes du palier international. Les possibilités en pareil état de choses sont illimitées et dans un quart de siècle, certains pays pourraient bien être marris d'avoir éveillé une telle puissance de son pacifisme traditionnel.

LA PATRIE is of the opinion that the significance of the United States taking the lead in proposing a meeting on world organization lies in the implication that isolationism has been finally abandoned. It also points out that Mr. Hull took the precaution of having his program approved by a senatorial committee before approaching Great Britain, Soviet Russia and China. LA PATRIE concludes:

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Les grands Etats accepteront peut-être plus tard cette idée d'un gouvernement mondial, mais pour le moment le nationalisme est encore trop vivace pour que cette formule idéaliste ait quelque chance d'être adoptée. Celle d'une police internationale que les grandes puissances exerceraient chacune dans une zone définie est de réalisation plus facile.

LE DROIT puts forward the case of the smaller states:

Les petits Etats ont parfaitement raison de réclamer le droit d'avoir leur mot à dire, sur un pied d'égalité avec les grandes puisances dans la direction des affaires du monde. Ils ne peuvent se contenter d'une simple voix consultative.

Commonwealth Relations

The main feature of the week was Mr. Curtin's visit and his address to Parliament. Almost all daily editors expressed the warmest welcome to Mr. Curtin, coupling this with words of appreciation for the part which Australia has played in the war. Typical comment follows:

> LONDON FREE PRESS: Hon. John Curtin, prime minister of Australia, will receive a whole-hearted welcome today from the Canadian House of Commons and the Senate. In this welcome they will be echoing the feelings of the Canadian people who have nothing but the warmest regard for the people of our fellow dominion down under.
>
> OTTAWA CITIZEN: Prime Minister John Curtin of Australia is welcomed to Ottawa both for himself, for the qualities he has displayed as a British Commonwealth leader, and as the first citizen of a sister Dominion that has played such an outstanding part in the fight for freedom during this war.

Mr. Curtin's address was very well received and editors took particular note of the broadness and conviction of his speech. The MONTREAL GAZETTE sums up the general reaction when it says:

> No one could mistake his forthright declaration of the necessity of placing peace firmly on a foundation of power, and of bringing together in a beneficent bloc those "great nations" with which such power now rests. It was Prime Minister Curtin's urgent appeal that the fraternity and collaboration that the Big Four had found necessary to meet the attack, should be nourished by all the genious of statesmanship to keep the sword from becoming the means of government instead of the light of reason.

LE DROIT, however, made a somewhat different interpretation of the speech:

> De ce qu'il a dit au sujet de l'après-guerre, il ressort que Mr. Curtin réclame une très intime collaboration de l'Empire britannique. Sur ce point, le premier ministre d'Australia s'accorde parfaitement avec celui du Canada.

The TORONTO GLOBE AND MAIL in a series of four special articles reviews the results of the Commonwealth Conference, which it claims vindicated the point of view of Lord Halifax and of the GLOBE AND MAIL. In the first article it says:

> Achievement was inherent in the Final Declaration of the Commonwealth Prime Ministers issued at the conclusion of the London conference. The true importance of the decisions reached was implicit in the unity of thought which the declaration stressed. But the general terms in which "common agreement" on the fundamental principles of foreign policy

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223296

MONTREAL GAZETTE: The political gyrations in which Canada's Communists are indulging, as they preen their deceptive Labor-Progressive feathers in an effort to win acceptance in polite political dovecotes, are becoming as ridiculous as they have always been unconvincing.

MONTREAL HERALD: Pessimistic observers of the Canadian political scene should be grateful to the newer parties for the recent introduction of alleviating touches of sunshine. Who among the gloomy critics can withold a smile as Tim Buck, his pre-war red toned down by an admixture of imperial purple, accuses the C.C.F.-ers of socialism and radicalism? How cheering to those who editorialize on politically portentous trends must be the Labor-Progressive leader's offer of allegiance to the Liberals.

BRANTFORD EXPOSITOR: Strange indeed are the changes undergone in the devious courses of political evolution. The Canadian Communists, who used to be "a gin" almost everything and everybody except themselves, and who were singularly disinterested in this war until the Soviet Union was forced into it, are now in favor of several things, including some political ideals they bitterly denounced for years, and they take second place to none in appealing for victory.

Social Problems

The usual topics of housing, education, delinquency and health have been the basis for a considerable number of editorials. There has been practically no comment on the fire in the Jewish synagogue in Quebec, L'ACTION CATHOLIQUE being the only French-language paper to express any opinion. This paper enquires why two mysterious fires, one at the synagogue in Quebec and the other at the synagogue in Toronto, are "being handled and described so differently?"

There have been only two editorials, so far, on the rioting in Montreal. Both appear to refer chiefly to the earlier disturbances on St. Antoine St.

OTTAWA CITIZEN: Perhaps the enemy within would welcome more publicity, so long as it included no exposure of the hidden hand. There is obviously more behind the inflamed state of mind among schoolboys in the purlieus of Montreal, and the adult knaves associated with them, than the conventional brand of nationalist politics.

LE JOUR: C'est un incident déplorable, auquel il ne faudrait pas cependant accorder une importance exagérée. Les petits gars qui se sont cassés la figure avec entrain ne peuvent être considérés comme de bien grands coupables. Les vrais coupables, ce sont ceux, qui, de part et d'autre, ont semé dans ces jeunes esprits des germes de discorde. Ce sont ceux qui ont enseigné aux petits Canadiens français la haine de l'Anglais et aux petits Canadians anglais, le mépris du Français.

Armed Services

Many editors have commented upon the figures of total eligible male population and number of married men over 25 called up in different sections of the country, which were discussed in the House. The discrepancy between figures for Quebec districts and for other parts of the country is emphasized, and editors claim that the enforcement of the N.R.M.A. is obviously much less rigorous in Quebec than elsewhere.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

> were announced provided little by which to measure the magnitude of the accomplishment or to indicate the practical plane on which the common policy is to be applied.

The GLOBE then goes on to claim that:

> By a campaign of confusion beat up across the nation over the Halifax proposals, the anti-Commonwealth press focused attention not on the realities in the international situation which compel Commonwealth solidarity but on the imaginary restrictions which that solidarity was supposed to impose..... But all those bogies....have been swept away.

In a subsequent article the GLOBE stated the purpose of the series as follows:

> In an effort to dispel confusion, to show what actually happened at London, and how completely Prime Minister King has moved from the no-Commonwealth-bloc position we propose to re-examine and analyze the pre-conference environment.

The Globe closes with the following conclusions:

> But the Prime Ministers did make the most important addition in Empire history to the Commonwealth machinery by their decision to perpetuate the conference by means of "frequent meetings", at regular intervals. ... Certainly there can be nothing fixed today against the fulfilment of that purpose through the future, nothing but the principle of the complete sovereignty of the partners. Changes there will be, coming gradually perhaps, to meet the demands of the prime machinery, the Prime Ministers' conference. It will be evolved as the machinery to aid co-ordination of Commonwealth activities in the emergency of war was evolved, with more attention to the function it must fill than to the form it will take.

LE DEVOIR, in speaking of Mr. King's attitude toward international collaboration, expresses the view that there is no difference between the Prime Minister's imperialism and his internationalism:

> Ceux qui, dans l'Empire, à la conférence des permiers ministres du Commonwealth ou ailleurs, préconisent l'internationalisme sous forme d'un organisme mondial, travaillent à la fois au maintien de la paix future et à la survivance du Commonwealth en tant que Commonwealth. C'est ainsi que l'on concilie impérialisme et internationalisme. Les Dominions, à titre de nations officiellement autonomes, feront partie de l'organisme international, mais ils feront tout d'abord partie de l'Empire. Ils pourront, à l'occasion, quant les intérêts de l'Empire ne seront pas en jeu, adopter des attitudes indépendantes. Mais sur toutes les questions vitales pour l'Empire, en tant que tel, ils agiront comme membres de l'Empire. Cet arrangement permettra à la Grande-Bretagne de conserver sa place comme grande puissance, avec la Russie et les Etats-Unis.

DOMESTIC AFFAIRS

Federal Politics

The main topic of the week was the manifesto of the Labor-Progressives at their three day convention in Toronto in which a coalition government of Liberals and Labor-Progressibes was suggested. Most editors who comment do so in a more or less facetious manner. The following are typical:

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223298

A few editors have commented upon the need for more adequate hospital facilities for service men, and certain Toronto papers bitterly criticize the delay in starting the Sunnybrook Farm hospital.

The reported intention of the Government to "comb out" the civil service for available manpower for the armed services has been welcomed by many editors.

Manpower and Labour

There has again been little interest shown in labour matters. Questions of manpower are mainly dealt with in relation to reinforcements for the armed services, and to the "waste" of manpower in a home defence army. Most interest has centered in the British White Paper on Postwar Employment, and editors who have discussed the subject express considerable approval of the principles there laid down.

Economic Controls

Discussion in Parliament of the ceiling price on strawberries has caused some criticism of the government, mainly on the ground of "wasting time". The VANCOUVER SUN says:

> This strawberry business is not exactly the kind of thing that should require a discussion in Parliament in a well-ordered democracy.

A few Ontario papers have discussed the further curtailment in the liquor ration, and express the view that the Federal Government has made a mistake in its handling of the situation and that the liquor question should be left in the hands of the provincial governments.

A few editors have followed the lead of the OTTAWA JOURNAL in its criticism of the confusion surrounding the recent announcements regarding oil-burning furnaces. The JOURNAL says:

> Under the date May 25 a letter signed by A. S. Morgan executive assistant to the Oil Controller, went from his Toronto office to "all fuel oil suppliers" in Ottawa and presumably to the trade in general.... The Department of Munitions and Supply, which presumably controls the Oil Controller, seemed surprised at this announcement, but told the Evening Journal on Monday that while householders falling within this comparatively small class could get permission to reconvert to oil they really shouldn't take advantage of it. The next day, in the House of Commons, Minister Howe said flatly that conversion of heating plans from coal to light fuel oil could not be permitted at the present time. The Oil Controller and the Minister ought to get together on this matter -- the present situation is a bit confusing. For those who are effected by the announcement from Mr. Morgan it should be said that they converted to coal voluntarily and at their own expense because Mr. Howe asked it, that those who did not convert -- and they were in the great majority -- never have suffered the least trouble in getting fuel oil, that it is quite natural if the minority group feels it has done its share in saving fuel oil.

Finance

There has been considerable approval of Mr. Ilsley's statement on the increased income allowable to old age pensioners. Many editors feel that the age at which pensions are paid should be lowered to 65.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223299

Provincial

Main interest centers around the forthcoming Saskatchewan election. The general opinion appears to be that the fight will be mainly between the Liberal party and the C.C.F.

Information Services

There has been some further criticism of the salary paid to Miss Claire Wallace. Editors who have discussed the question are of the opinion that the results from the sale of war savings certificates cannot possibly justify the high cost of this programme.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Provincial

Main interest centers around the forthcoming Saskatchewan election. The general opinion appears to be that the fight will be mainly between the Liberal party and the C.C.F.

Information Services

There has been some further criticism of the salary paid to Miss Claire Wallace. Editors who have discussed the question are of the opinion that the results from the sale of war savings certificates cannot possibly justify the high cost of this programme.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Planet

NAR/SR
2.6.44

MEMORANDUM FOR THE PRIME MINISTER

C223300

I am attaching, for your approval, a draft report on the Prime Ministers' meetings which could be circulated for the background information of our representatives abroad. It is put in general terms and is not really very informative, but it would, I think, help to give them a useful indication of the general point of view from which the questions arising in London were viewed.

Noted

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 323, pages C222431-C223300

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

W.L.M. KING PAPERS

Memoranda and Notes

1940-1950

MG 26 J 4 Volume 324

Pages C223301-C224270

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

W.L.M. KING PAPERS
MG 26 J4

File 3412 pages C223301-223646 have been removed from circulation at the request of the Deparment of External Affairs.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

OUT

File 3412 removed from circulation at the request of the Department of External Affairs.

18 November 1976

Seeley Systems

SEE-MATIC CUT CARD

CAT NO. 810 P

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C&M/PMC 46

For conference 1946

HW/AH

December 19th, 1945.

C223546

Confidential

MEMORANDUM FOR THE PRIME MINISTER.

Re Commonwealth Relations, Prime Ministers' Conference 1946 ✓

We have learned from private advices from London that there is some prospect that a suggestion will be made for holding another Prime Ministers' conference this spring. The idea seems to be that a Prime Ministers meeting might be held in conjunction with the proposed Commonwealth discussions on commercial questions which, on present plans, would precede the negotiations for tariff reductions between some fourteen countries that are a part of the United States commercial proposals. If so, the time would probably be the latter part of March.

It seems unlikely, however, that all the Commonwealth Prime Ministers could gather in London at that time. Mr. Fraser is, I think, now on his way to London to attend the General Assembly in January. Field Marshal Smuts is contemplating attendance at the second part of the Assembly which may be held in May or June. Mr. Chifley might possibly be able to attend at that time as I believe that he takes a great interest in the commercial and financial discussions. I think it likely that the idea will be dropped but possibly there will be an approach to you from Mr. Attlee.

HHW

H. H. WRONG

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

At the conclusion of the meetings, the assembled representatives of the United Kingdom, Canada, Australia, New Zealand and South Africa place on record their appreciation of the value of the free discussion and exchange of views that characterises the relations of the countries of the British Commonwealth. These methods of consultation have proved their worth. They are based on a continuous exchange of information and comment between the different members of the Commonwealth. They are flexible and can be used to meet a variety of situations and needs, both those where the responsibility is on one member alone and where responsibility may have to be shared. They are peculiarly appropriate to the character of the British Commonwealth, with its independent members who have shown by their sacrifices in the common cause their devotion to kindred ideals and their community of outlook. While all are willing to consider and adopt practical proposals for developing the existing system, it is agreed that the methods now practised are preferable to any formal centralised machinery. In their view such centralised machinery would not facilitate, and might even hamper, the effective co-operation which is the essential characteristic of the nations of the British Commonwealth and their great achievement.

They reaffirm their belief in the efficacy of free and constant consultation and co-operation, not only within the British Commonwealth of Nations but also in the wider international sphere. They are determined to do everything in their power to maintain to the utmost possible extent in time of peace the historic co-operation achieved by the Allies in time of war. They look forward to the steady development throughout the whole world of closer international co-operation based on increasing mutual confidence and devoted to the raising of human standards in conditions of liberty. They declare again the determination of their Governments to give the fullest

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223648

support to the United Nations Organization, not only as a foundation of future peace and security but also as a means for promoting economic progress and social welfare.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

(1946)
J.C.

C223649

1) GENERAL IMPRESSIONS OF VISIT TO BRITAIN

recognize that one can speak only superficially, but at least on the surface

a) London has been "tidied up" - local services have been quick to clear away as many as possible of the scars of war damage;

b) there is less tension and less sense of strain than when I visited Britain last autumn;

c) there is still evident fatigue as an after-effect of six long years of war conditions;

d) there is stringency in the available supplies both of CLOTHING AND FOOD -

food is adequate in quantity but it lacks some of the variety which, after 6 years, people had looked forward; even so, there is an evident willingness to share the already straitened rations with the still-more needy nations of Europe;

e) some senseof rejoting in e.g. the full-scale resumption of outdoor sports (cricket &c), as well as in the atmosphere of early summer with London in all its glory of greenery and flowers;

f) some recognition of the great need for patience in dealing with many problems, both domestic: socialization of certain industries and resources;
allocation of manpower;
rebuilding of manufacturing capacity for export

and foreign: development and recapturing of foreign export markets;
relations with the great powers (especially USSR)

Express word of appreciation of hospitality extended by United Kingdom Government throughout three weeks in London both to myself and to members of my staff accompanying me.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

2) MEETINGS OF COMMONWEALTH MINISTERS

a) recall that before my arrival in London discussions had been proceeding in two separate weeks on topics of special concern to Australia, New Zealand, and South Africa.

b) after my arrival in London, some of the same ground traversed again, plus a consideration of some new items.

3 Principal subjects receiving attention in closed meetings:

c) Council of Foreign Ministers, Paris (reports by Mr. Bevin) and preparation of peace treaties looking to Conference in Paris

/ note: date stillindefinite; Council of Foreign Ministers resumed on Saturday last, June 16; until Soviet objections can be met and overcome in some way no likelihood of Peace Conference before autumn) /

d) Problems of administration in Germany;

e) machinery for consultation and co-operation (information services; completion of exchanges of High Commissioners; procedure in "informing" as distinct from asking for "comments";

xxx / see separate note by J.A.G. re Commonwealth Consultation /

f) defence research and service liaison arrangements (talks still continuing in London);

g) general discussion of trade agreements within the Commonwealth;

h) atomic energy; progress in research and development in light of such proposals as those contained in Lilienthal Report (USA).

3 Other problems considered in inter-departmental meetings attended by members of my staff:

i) Commonwealth legislation touching citizenship and nationality of married women (Canadian Citizenship Act now widely accepted as a model for corresponding legislation elsewhere among the nations of the Commonwealth);

j) registration of treaties under the United Nations (no exclusive Commonwealth arrangements, and to this extent a departure from practice of NOT registering intra-Commonwealth agreements under the former League of Nations).

3 Further meetings between myself as Prime Minister and Ministers of the United Kingdom, including Mr. Attlee (Prime Minister)
Lord Addison (Dominion Affairs)
Mr. Dalton (Chancellor of Exchequer

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223651

6 Great benefit from renewal of friendly personal contacts with other Ministers of United Kingdom, especially

Herbert Morrison (Lord Privy Seal) - food mission to Canada & USA

Ernest Bevin (Foreign Secretary) - reports of Paris meetings; impressed with great load he is carrying, dealing with USSR with great restraint and patience;

also renewal of friendship with Smuts
Nash
Evatt
Beasley (Asutralian H.C. in London)

Greatly pleased by results of discussions in London (summed up in final communiqué) -

emphasis on flexible character of machinery providing for continuous consultation and for decision in Council chambers of respective nations concerned;

virtual unanimity on all essential matters (emphasis again away from centralization)

press at early stages tended to place emphasis on differences rather than on matters of agreement; but believe the outcome highly satisfactory.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

3) VICTORY PARADE IN LONDON, June 8th 1946

Two main impressions

a) the enormous contributions in men and materials made to the Allied War effort by the British Commonwealth and Empire

quite apart from the tremendous effort of Britain herself in armed forces and on the home front;

b) the staggering cost of war: what it would mean to have to keep up armaments on the scale represented by this parade of mechanized weapons of all kinds.

CANADA represented in the marching parade by smartly-turned out contingents of each of the three services

Royal Canadian Navy
Canadian Army
Royal Canadian Air Force

a representation of the part which Canada had had in the world-wide fight for freedom

One over-riding impression: THE WORLD INSECURE -

the subsiding of an earth-shaking storm

the need for patience, vision, imaginativeness in tackling the manifold problems of world organization

the need for co-operation and mutual helpfulness in the approach to security and prosperity, since both are indivisible.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

10) Arrangements made for passage toCanada of wives and children of Canadian service men-

During voyage back to Canada in HMT "Queen Mary" had opportunities of seeing the great care and sympathy and patience which surround the whole process of bring to Canada the wives of Canadian servicemen and their children;

a fascinating commentary on one of the most important increases in our population there has ever been at any time.

On this voyage, 2200 "Canadian dependents", of whom 22 945 children; mothers from all parts of British Isles, with the accents of London, the Western Highlands, the Eastern counties;

all animated by a sense of great expectation in building new homes in all parts of Canada;

most favourably impressed by conduct and by sense of community if interest; also by strong and healthy children.

Aboard ship was able to visit, in company with the Senior Medical Officer,

medical examining rooms,
dispensary,
surgical and sick bay quarters,
children's hospital ward,
nurseries

all in charge of a most competent and understanding staff:
medical officers and orderlies of the R.C.A.M.C.,
nursing sisters both of the RCAMC and the Canadian Red Cross;
cheerfulness and patience in ministering to this happy band of Canadians.

Pleasure in being able to extend a word of welcome on behalf of Government and people of Canada to assembled mothers one morning at sea;

Appreciation of all arrangements made by No. 1 Ship Staff (Lt. Col. W.E. Sutherland, O.B.E., Ship's Commandant) for comfort and welfare of all passengers travelling as dependents

(mention, e.g., arrangements for the sending of free telegrams to next of kin in Canada or U.S.A.)

Something reminiscent of Canadian hospitality from the moment these 2200 Canadians boarded this great ship at Southampton, and continued along every mile of the journey to Halifax, where other hands took over.

—

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

8) E U R O P E

very sorry to have to give up projected visit to the battlefields where Canadians had fought and to the cemeteries where they lie buried;

also visits to France, Belgium, the Netherlands, and to Germany;

felt urgency of business in Canada - the BUDGET
remaining legislation
made it imperative I should return without further delay once the Victory Celebrations had concluded;

hope that when I am able to visit Europe again (perhaps at the time of the Paris Conference, I can carry out this long-cherished plan of visiting places consecrated in the memory of Canada.

From reports received from officials who have recently visited the countries I have mentioned, it is evident there has been some improvement in conditions generally, though they are still far from approximating the 1939 position.

In Western Europe generally, and especially in Denmark, there are prospects of an abundant harvest;

in France especially there is a constant spectre of <u>inflation</u>: the situation in which people who have money can buy practically anything they want if they pay for it, with all the resulting inequalities of distribution of some of the necessities of life.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

9) THE PLACE OF CANADA

On each visit to Britain since 1941 I have found myself prouder than ever before of the place which Canada occupies in the thoughts and feelings of the people of Britain and of many parts of Europe with which we have had close contacts.

One answer, I believe, is to be found in the admiration for the way in which the war effort of Canada was conducted, and for the spirit of mutual aid which was extended to many of Canada's allies among the United Nations.

Another answer is in the members of allied forces who were trained in Canada, and who have now been able to take back to their homelands something of the Canadian spirit as they knew it.

For the moment, the immediate Canadian contribution is in ~~XX~~ FOOD - primarily in wheat (which in many European countries fills a far larger place in the domestic economy than we in Canada realize) -

not exactly a new contribution, since during the war Canadian gifts of wheat (outright ~~fights~~ gifts, e.g. to Greece) helped literally to save the lives of thousands of people in those parts of Europe under the Nazi yoke);

there is also a Canadian contribution through what I might call the continuing aspects of Mutual Aid, in the form of credits under Loan Agreements and the Exports Credits Guarantee Legislation (1945);

by this means we shall be able to contribute not only to the physical needs of food, clothing and shelter, but we shall also help in some degree to restore the domestic economy of trading and manufacturing without which no world-wide prosperity is possible.

Perhaps the highest degree of recognition comes from the fact that the effort of Canada has been taken to be

the effort of a whole people, and

an effort of that whole people sharing in the needs of other lands.

If in this task we can persevere we have nothing to fear for the future interests of Canada abroad.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

9) THE PLACE OF CANADA

On each visit to Britain since 1941 I have found myself prouder than ever before of the place which Canada occupies in the thoughts and feelings of the people of Britain and of many parts of Europe with which we have had close contacts.

One answer, I believe, is to be found in the admiration for the way in which the war effort of Canada was conducted, and for the spirit of mutual aid which was extended to many of Canada's allies among the United Nations.

Another answer is in the members of allied forces who were trained in Canada, and who have now been able to take back to their homelands something of the Canadian spirit as they knew it.

For the moment, the immediate Canadian contribution is in ~~XX~~ FOOD - primarily in wheat (which in many European countries fills a far larger place in the domestic economy than we in Canada realize) -

not exactly a new contribution, since during the war Canadian gifts of wheat (outright ~~gifts~~ gifts, e.g. to Greece) helped literally to save the lives of thousands of people in those parts of Europe under the Nazi yoke);

there is also a Canadian contribution through what I might call the continuing aspects of Mutual Aid, in the form of credits under Loan Agreements and the Export Credits Guarantee Legislation (1945);

by this means we shall be able to contribute not only to the physical needs of food, clothing and shelter, but we shall also help in some degree to restore the domestic economy of trading and manufacturing without which no world-wide prosperity is possible.

Perhaps the highest degree of recognition comes from the fact that the effort of Canada has been taken to be

the effort of a whole people, and

an effort of that whole people sharing in the needs of other lands.

If in this task we can persevere we have nothing to fear for the future interests of Canada abroad.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223656

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

Printed for the War Cabinet. April 1946.

The circulation of this paper has been strictly limited. It is issued for the personal use of Rt. Hon. Mackenzie King

TOP SECRET Copy No. 31

P.M.M. (46) 1.
20th April, 1946.

MEETING OF PRIME MINISTERS.

STRATEGIC POSITION OF THE BRITISH COMMONWEALTH.

REPORT BY THE CHIEFS OF STAFF.

IN order that there may be an agreed background to other discussions concerning Commonwealth Defence, we have prepared a broad strategical appreciation of the position of the British Commonwealth in the light of our resources and modern conditions of warfare.

2. Recent developments make it appear that Russia is our most probable potential enemy, far more dangerous than a revived Germany. In a conflict with Russia the early and whole-hearted participation of the United States on our side would be vital.

We consider the problem of Commonwealth defence against this background.

Main Support Areas and Vital Communications.

3. We must first consider those areas on which a Commonwealth war effort will be based and without which it would not be possible for us to fight at all.

These areas we have referred to as main support areas, by which we mean areas which contain essential concentrations of man-power, industrial potential or sources of food or raw material.

4. It is clear that the following will be main support areas :—

(*a*) United Kingdom;
(*b*) The American continent, including South America;
(*c*) Africa, south of the Sahara, including East Africa;
(*d*) Australia and New Zealand.

During the last war India was developed as a main support area. The political future there is at present uncertain, and we cannot be sure that India will remain a single political unit or even a member of the Commonwealth. In view, however, of her man-power and industrial potential, it is of the utmost importance that her political situation be stabilised so that she remains a main support area.

5. The United Kingdom at present contains 63 per cent. of the white man-power of the British Commonwealth and an even greater proportion of its industrial potential, but it is, at the same time, in a highly vulnerable position. As a long-term policy it should be possible to build up the war potential of the Dominions so as to reduce the relative importance of the United Kingdom. But for many years the contribution of the United Kingdom will remain so high that in spite of its vulnerability it must continue to be a main support area.

6. The communications between the main support areas through the Atlantic, Pacific and Indian Oceans are of vital importance, particularly the Atlantic sea communications to the United Kingdom.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Although the sea and air communications through the Mediterranean cannot be classified as vital in the same way as our Atlantic communications, limitations of shipping and the necessity to preserve our freedom of action will make their continued use of very great importance.

Other Areas of Importance to the Security of Main Support Areas.

7. Russian policy at present appears to be to extend her influence to further strategic areas by all means short of major war, and if this process were allowed to continue unchecked we should start another conflict in a most unfavourable position.

Against this threat, and in order to ensure the security of our main support areas, and the sea and air communications between them, we must :—

(*a*) ensure that at the start of a conflict we have sufficient depth in front of our vital main support areas to allow the necessary time for us to mobilise our own forces and for the resources of the United States to be brought into play;

(*b*) deny to Russia the opportunity of acquiring in peace large additional resources of man-power and war potential;

(*c*) retain the necessary bases from which areas of importance to Russia can be brought under threat of attack by air or long-range weapons. This may be our one effective military deterrent to Russian aggression and the only means of defence open to us at the outset of war. For this purpose the United Kingdom as the sole base would be quite inadequate, since many areas of importance would be out of range.

8. In the areas necessary to achieve these aims we do not suggest that we must maintain our influence in peace by a display of military force. In the event of war with Russia we are certainly likely to have to give ground in some of these areas and we would not necessarily try to defend them all. We should, however, on no account weaken ourselves by surrendering our influence in areas of major strategic importance in advance of a war. We should therefore maintain our influence in peace time, using the methods most suitable in each case. These may be political, economic, military or a combination of the three.

9. The areas of particular importance to us in order to fulfil the objects set out in paragraph 7 above are Western Europe, Middle East, India and South-East Asia. In the former two, Russian pressure is already evident and we must anticipate that this will be extended to India and possibly South-East Asia also.

We examine below the strategic importance of each of these areas.

Western Europe.

10. The preservation of Western Europe from Russian domination is of direct importance to the security of the United Kingdom and of the sea and air communications to this main support area. It is of particular importance that the man-power and industrial resources of the area, and especially those of Germany, should not be at the disposal of Russia.

We should therefore be prepared to give the countries of Western Europe the support necessary to ensure that in peace they do not fall under Russian influence.

Middle East.

11. The preservation of our position in the Middle East is essential to prevent the spread of Russian influence throughout the Eastern Mediterranean and also into Africa. From bases in the Middle East we could bring under long-range air attack, not only the important Russian industrial and oil-producing areas of Southern Russia and the Caucasus, but also many other important industrial areas of Russia. Finally, the oil supplies of the Middle East, though extremely vulnerable, are of immense importance to the Commonwealth.

India and South-East Asia.

12. Apart from the fact that we must strive to retain India as a main support area, her security is linked with that of South-East Asia, which, in turn, forms the outer defence of Australia and New Zealand. Moreover, airfields in North-West India are, except for those in Iraq, the nearest we have to certain important Russian industrial areas in the Urals and Western Siberia.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223658

Conclusions.

13. We conclude that—

(*a*) The security of the Commonwealth main support areas of the United Kingdom, the American Continent, South Africa and Australia is essential. It is of the utmost importance to retain India as a main support area.

(*b*) The sea and air communications in the Atlantic, Pacific and Indian Oceans which link our main support areas are of vital importance.

Communications through the Mediterranean, though not vital, are of very great importance.

(*c*) In view of the present Russian policy we should take the necessary political, economic and military measures to maintain our position and influence in Western Europe, the Middle East and South-East Asia. Thus we shall secure the essential depth in front of our main support areas; gain the necessary time to mobilise the forces of the Commonwealth and for the resources of the United States to be brought into play; and retain the air bases necessary to our strategy.

14. These main strategic requirements are based principally on facts of geography and the distribution of man-power and natural resources which do not change. We consider therefore that the basic principles of our strategy set out above will not be radically altered by new developments in methods or weapons of warfare.

(Signed) ALANBROOKE.
TEDDER.
RHODERICK R. McGRIGOR, *V.C.N.S*

Offices of the Cabinet and
Minister of Defence, S.W. 1.
20*th April*, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223659

TOP SECRET

(JAG / 30:v:46)

The following points are from a REPORT by the Chiefs of Staff (dated 20th April, 1946) on the STRATEGIC POSITION OF THE BRITISH COMMONWEALTH (see PMM(46) 1, attached)

(a) The security of the Commonwealth main support areas
the United Kingdom
the American Continent,
South Africa
Australia and New Zealand
is essential. It is of the utmost importance to retain India as a main support area.

(b) Sea and air communications in the Atlantic, Pacific and Indian Oceans (linking the main support areas) are of vital importance.

Mediterranean communications, though not vital, are of very great importance.

(c) "In view of the present Russian policy we should take the necessary political, economic and military measures to maintain our position and influence in Western Europe, the Middle East, and South East Asia. Thus we shall secure the essential depth in front of our main support areas, gain the necessary time to mobilize the forces of the Commonwealth and for the resources of the United States to be brought into play; and retain the air bases necessary to our strategy.

(The Chiefs of Staff consider that the basic principles of the strategy set out above will not be radically altered by new developments in methods or weapons of warfare).

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223660

E1. Commonwealth Relations - Prime ministers' Conference, 1946

CONFIDENTIAL MEMORANDUM FOR THE PRIME MINISTER:

re Prime Ministers' Meetings, London

The Acting High Commissioner for Canada in South Africa gave Field Marshal Smuts a memorandum setting out Canadian views about the character of the consultations to be held in London. (See Telegram No.695 of March 23 to High Commissioner London, repeated to High Commissioner South Africa as No.35 of March 25). attached

Mr. MacGillivray has since sent two important communications dated April 2nd (Attached), reporting that Field Marshal Smuts' opinion appears to coincide very closely with the expression of Canadian views.

Mr. MacGillivray has also sent the text of a statement by Field Marshal Smuts when the estimates of the Department of External Affairs were before the House of Assembly.

J. A. G.

J. A GIBSON

April 18, 1946

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223661

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

Printed for the Cabinet. April 1946.

The circulation of this paper has been strictly limited. It is issued for the personal use of Rt. Hon. Mackenzie King

TOP SECRET

Copy No. 31

P.M.M. (46) 2.
20th April, 1946.

MEETING OF PRIME MINISTERS.

MEDITERRANEAN STRATEGY.

NOTE BY THE SECRETARIES.

BY direction of the Prime Minister of the United Kingdom, we circulate the attached communication from the High Commissioner for South Africa, containing the text of a telegram from Field-Marshal Smuts.

(Signed) NORMAN BROOK.
J. E. STEPHENSON.
L. C. HOLLIS.

Cabinet Office, S.W. 1,
20th April, 1946.

ANNEX.

COPY OF A LETTER DATED 9TH APRIL, 1946, FROM THE HIGH COMMISSIONER FOR SOUTH AFRICA TO THE PRIME MINISTER OF THE UNITED KINGDOM.

* * *

I have the honour to forward herewith the text of a personal telegram which I have received for transmission to you from Field-Marshal Smuts :—

"I notice that a meeting of Big Four Foreign Ministers may take place at Paris this month. Even at the risk of appearing wearisome I wish once more to impress on you and Mr. Bevin the vital importance of the Mediterranean aspect of the coming Peace Settlement for the future of the British Commonwealth and of World Peace. That future may be deeply compromised if the former and existing position in the Mediterranean is seriously altered, as it will be if Russia gains a footing there, either by way of bases or Mandates, whether solely or jointly with other U.N.O. members.

"The Mediterranean remains the main artery of our Commonwealth Communications, and to expose it to future weakening would be to tamper with the future of the Commonwealth and therefore also future World Peace, to which the security of the Commonwealth is vital. Nowhere do we interfere with Russia's vital communications, and we should not allow any tampering with ours. That way future world trouble lies, as the Commonwealth would not be a free agent with Russia in the Mediterranean. Russia's behaviour in the Iran trouble is a timely warning to us, and convincing proof that she is determined, U.N.O. or no U.N.O., to apply any squeeze she may consider necessary to secure her objects. In the light of this realistic experience we should be doubly on our guard for our future, especially in

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

our vital Mediterranean sphere. Our readiness to conciliate Egypt in the coming treaty negotiations makes it all the more imperative that our Mediterranean position as a whole from Gibraltar to Suez and the Red Sea should not be weakened. France and Italy we may freely count on as future friends. But we have learned to be profoundly doubtful about Russia and her Satellites.

"The Commonwealth should therefore make up its mind at this early stage that under no circumstances will it agree to a Russian Mandate, either sole or joint, over any of the Italian Colonies in Africa. A U.N.O. Mandate, with her in it, would only be one degree less dangerous than a sole Mandate to her. And I trust that the United States will be made to realise, before it is too late, that her own future security calls for a strong and free British Commonwealth, and that for this the security of our Mediterranean lines of communication is essential.

"With these considerations in mind I would urge most strongly that the United Kingdom Government at this meeting of Foreign Ministers should not agree to any Mandate to Russia or any Mandate in which she participates over the Italian Colonies. Rather than be forced to such an agreement the United Kingdom Representatives should stand firm for a postponement of the issue, and meanwhile retain the present British Control over the ex-Italian Colonies. This is a matter where our future demands the greatest firmness now, for any concession here may affect the far future. Russia has annexed Sakhalin and the Kuriles without bothering about Mandates, and Britain and the United States have agreed. The United States has not yet shown her hand in regard to Pacific Islands and bases. Why should Britain be forced to surrender what she now holds at immeasurable sacrifices of the whole Commonwealth? If it becomes necessary, a delaying game may be the safest in the interests of both the Commonwealth and future of World Peace. The United States should be made to realise this. In any case, I have no objection to my views being communicated to her if this is considered useful."

* * *

(Signed) E. K. SCALLAN.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

W.L.M. KING PAPERS
MG 26 J4

PAGES C223663 to C223693 have been removed from circulation at the request of the Department of External Affairs.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT C223694

Printed for the Cabinet. April 1946.

SECRET. Copy No. 51

P.M.M. (46) 8.
23*rd April*, 1946.

MEETING OF PRIME MINISTERS.

AUSTRALIAN EXTERNAL AFFAIRS POLICY.

NOTE BY THE SECRETARIES.

WE circulate herewith copy of a letter from the Prime Minister of Australia to the Prime Minister of the United Kingdom covering extracts from a statement made to the Commonwealth Parliament.

(Signed) NORMAN BROOK.
J. E. STEPHENSON.

Cabinet Office, S.W. 1,
23*rd April*, 1946.

Prime Minister,
Canberra, 22*nd April*, 1946.

My dear Prime Minister,

I am enclosing, for circulation to the Conference, the attached document containing extracts from a statement made to the Commonwealth Parliament by the Right Hon. H. V. Evatt, Minister for External Affairs, on the 13th March, relative to Australian External Affairs Policy.

Yours sincerely,
(Signed) J. B. CHIFLEY.

The Right Hon. C. R. Attlee, C.H., M.P.,
Prime Minister.

EXTRACTS FROM STATEMENT TO THE HOUSE OF REPRESENTATIVES ON FOREIGN AFFAIRS BY THE RIGHT HON. H. V. EVATT, MINISTER FOR EXTERNAL AFFAIRS, 13TH MARCH, 1946.

The United Nations.

A key point in the foreign policy of Australia is enthusiastic and sustained activity in all aspects of the work of the United Nations. Admittedly the Constitution of that Organisation has certain defects. These we stressed at the proper time. At San Francisco, however, the rough and inadequate draft plan of Dumbarton Oaks was greatly improved, and I make bold to claim that there is no responsible public man who does not fully and generously recognise Australia's valuable contribution to the process of improvement effected at San Francisco.

I do not wish to quarrel over words, but I think it is quite erroneous to describe the United Nations Organisation merely as an "experiment." On the contrary, it is the best presently available instrument, both for avoiding the supreme and ultimate catastrophe of a third world war, waged with all-destroying weapons, and also for establishing an international order which can and should assure to mankind security against poverty, unemployment, ignorance, famine and disease. The United Nations, in the conception of that great man, Franklin

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223695

Roosevelt, existed to help realise the twin objectives of freedom from fear and aggression and freedom from want. We shall continue steadfastly and courageously to play our part in this Organisation, on which must rest most of the hopes of men of goodwill throughout the world.

Future of International Co-operation.

It would be a miracle if the cessation of actual hostilities had given rise immediately to an era of peace and security. It is natural for populations which have suffered the privations of war to expect an immediate and dramatic improvement in their material conditions when hostilities cease. Actually, of course, such a sudden change is impossible. It is necessary that this should be fully understood in order to counteract any feeling of frustration or disillusionment because the fruits of victory have not yet been gathered.

Again, when hostilities cease, there is a tendency for Allied countries who have acted in almost complete unity during the war to become more aware of and to accentuate differences in outlook which by resolute and brilliant leadership have been submerged during the crisis of war. It is particularly easy to concentrate upon these points of differences, and to accept them not only as vital, but as irremediable. In my view, this is a most dangerous attitude of mind. It can lead only to disaster if it is unchecked. I have in mind, in particular, criticisms of the Soviet Union without whose magnificent contribution complete victory over Hitler would have been either long delayed or impossible. While the British Commonwealth has fairly been said to have saved the Soviet Union in 1939 and 1940, equally the Soviet is claimed to have saved the British Commonwealth in 1941 and 1942. In truth, the unity in wartime of these Powers and the United States saved the world from Fascist dictatorship.

A chief factor which has created doubts as to the peaceful intentions of the Soviet Union is its expansion both territorially and in zones of special influence since 1939. The basic fact of expansion is undoubted. During the crisis of war both President Roosevelt and Mr. Churchill entered into agreements giving the Soviet Union considerable territorial gains not only in Western Europe but also in the Far East. Most of these arrangements for territorial expansion were made by the United Kingdom and United States alone and without prior reference to their allies. They were made primarily in the belief that the Soviet Union would be a trusted and peace-loving ally not only in time of war but in time of peace. Surely that belief is not yet given up.

The real question is, not whether the Soviet Union territory and zones of influence have expanded, but what is the underlying intention and purpose of the Soviet Union. Is it to secure the political domination of other countries, or is it merely to protect Russia against any repetition of the so-called *cordon sanitaire* which united all reactionary influence in Europe against her during the period between the two great wars? Is it aggressive in substance, or defensive in substance? That is the great question. It will not be forgotten that in the Munich era of appeasement of Hitler and his Axis associates, there was the greatest inclination on the part of some Eastern democracies to isolate the Soviet Union and to hail Hitler as the saviour of civilisation against the so-called Bolshevik hordes. It is important to note that some of those who, between 1933 and 1939, first endured, then pitied, and, finally, embraced Hitler and most of his works, are now to be found amongst those who are prepared to join forces at once against the Soviet Union without any important investigation as to whether its expansionist policy is aggressive or defensive in intent.

A second factor in the situation is the very recent application of atomic energy to warlike purposes. An agreement was made between Britain and the United States of America in relation to the new discovery, and in that arrangement the Soviet Union was not included. Therefore, suspicion amongst the three major Powers is not confined to suspicion of Russia, but it includes also suspicion *by* Russia. Whether these suspicions are justified or not is beside the point. On the one hand we know that on the part of the peoples of the British Commonwealth and the United States of America there is no aggressive intention against Russia. But the Soviet Union points to the long era of appeasement, when their attempts to make the League of Nations an effective body were continued right up to the point of virtual liquidation of the League at Munich. The period of mutual suspicion seemed to end either in June 1941 when direct aggression against Russia made her our ally or in 1942 when the twenty-year treaty of friendship between Russia and Britain was signed at London.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223696

Now having lived through the great period of wartime partnership, which promised a permanent understanding between the three great Powers on all fundamentals, one is presented almost daily with the monotonous question—does Russia intend aggression?

Having no clear evidence to the contrary and having during the last four years come to know some of Russia's greatest statesmen, I take the view that the Soviet Union's policy is directed towards self protection and security against future attack. In my opinion, her desire is to develop her own economy and to improve the welfare of her peoples.

The two most hopeful signs are first the almost miraculous success of the Allies in the war, and, second, the fact that in a short period of less than twelve months, the Charter of a new world organisation has been created and the organisation itself has come into being. Fifty-one members of the United Nations have pledged themselves to support the principles laid down in the Charter and the work of putting the principles into practice has begun. By these principles all the nations undertake to refrain from aggression and to bring disputes before the United Nations for adjustment.

It is not difficult to find some flaws in the Charter itself. Neither will it be difficult to prove that the machinery of the United Nations is not being used as effectively as it might. The important thing, however, is that a Charter does now exist and that a world organisation has been set up under which the habit of international conciliation and consultation can and must be developed. It is the duty of all of us to encourage the habit of reference to the United Nations, because frequent contact between its members will lessen active suspicion and gradually encourage positive confidence and trust. The recent speeches of Mr. Attlee and Mr. Bevin on the proceedings before the Security Council rightly emphasise the importance of personal contact and frank exchange of views as a step towards more complete understanding.

I do not suggest that this analysis gives any reason for complacency. On the contrary, I think that we need to remind ourselves constantly that the winning of the peace needs a sustained effort, probably no less than the winning of the war. Fascism, Hitlerism, were not ended with the deaths of Mussolini and Hitler. They are insidious philosophies which we sought to overthrow during the war. In my opinion they have not been finally defeated either in international or in domestic affairs.

Australia has consistently maintained the view that the United Nations Organisation should be given the fullest possible support by each member. By this means, a collective world opinion can gradually be built up, and it may also be possible to avoid the establishment of rival *blocs* of powers viewing one another through an atmosphere of distrust and suspicion. This policy will be pursued by Australia in the Security Council where every effort will be made to ensure full discussion of international disputes as and when they arise. In this respect the initial meetings of the Security Council were remarkably successful. There was free, full and frank discussion at which the public was present. Those who had claimed that the Security Council would meet in secret and avoid a public discussion were confounded by the event.

Even full and public discussion is not enough. Indeed it may degenerate into mere assertion followed by mere counter-assertion, charges followed by counter-charges. There should, therefore, in most cases, be a careful investigation of the truth of the assertions and the charges and a true assessment of the facts by the Security Council or other United Nations agencies followed by a just recommendation or decision. This procedure would be in accordance with the true spirit of the Charter of the United Nations. That is the organisation which was established by all its members for the very purpose of discouraging isolated or limited alliances in favour of collective action in accordance with the principles of justice and law laid down in the Charter. The main purpose of the United Nations is security against war. With atomic energy being used for purposes of unlimited destruction a new world war would cause devastation almost beyond human imagination and would end modern civilisation as we know it.

Special prerogatives and privileges have been vested in the major Powers by the United Nations Organisation. Their mutual confidence is an essential feature of the new international order. Those who by a calculated policy sow distrust between them endanger the life of the United Nations. Those who endanger the life of the United Nations threaten our chief bulwark against a third world war.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223697

Australian Status in Pacific Councils.

The status which has been gradually accorded to Australia in these Pacific Councils is sufficiently proved by three important appointments of distinguished Australians: first, that of General Northcott as leader of all the British Commonwealth occupational forces in Japan; second, that of Mr. Macmahon Ball, representative on the Allied Council not only of Australia but of United Kingdom, New Zealand, and India as well; third, that of Sir William Webb, Australia's War Crimes Commissioner, as President of the Allied Tribunal for the trial at Tokyo of Japanese major war criminals.

The appointment of an Australian, on Australia's nomination, to represent not only Australia but other Governments of the British Commonwealth, including the United Kingdom itself, is a development of great importance. At the time of the Balfour Declaration of 1926 equality of status in international affairs between the United Kingdom and each of the self-governing Dominions was asserted. But this principle was stated to be modified in practice by dissimilarity of functions in relation to matters of defence and foreign relations. In other words, the *theory* of equality was subject to the *practice* of inequality. I need not trace here the rapid development *in practice* of Canada and Australia's activities in the international field between 1926 and 1946. It is sufficient to suggest that an entirely new concept in British Commonwealth relations is now emerging. This concept tends to reconcile full Dominion autonomy with full British Commonwealth co-operation. The same principle involves the possibility of a Dominion acting in certain regions or for certain purposes on behalf of the other Members of the British Commonwealth, including the United Kingdom itself. This is evidence that the machinery between nations of the British Commonwealth has now reached a stage where a common policy can be carried out through a chosen Dominion instrumentality in an area or in relation to a subject matter which is of primary concern to that Dominion. This principle is capable of extension and suggests the possible integration of British Commonwealth policy at a higher level by a new procedure. Its importance is very great and may rapidly increase. We appreciate the full support we have received from the British, New Zealand and Indian Governments and also from the United States Government in these significant arrangements in relation to Japan.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223698

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

The circulation of this paper has been strictly limited. It is issued for the personal use of W. Mackenzie King

TOP SECRET. Copy No. 52

P.M.M. (46) 1st Meeting.

MEETING OF PRIME MINISTERS.

MINUTES of the First Meeting held at 10, *Downing Street, S.W.* 1, *on Tuesday,* 23*rd April,* 1946, *at* 11 *a.m.*

Present:

The Right Hon. C. R. ATTLEE, M.P., Prime Minister of the United Kingdom (*in the Chair*).

United Kingdom.

The Right Hon. ERNEST BEVIN, M.P., Secretary of State for Foreign Affairs.

The Right Hon. VISCOUNT ADDISON, Secretary of State for Dominion Affairs.

The Right Hon. G. H. HALL, M.P., Secretary of State for the Colonies.

Field-Marshal VISCOUNT ALANBROOKE, Chief of the Imperial General Staff.

Marshal of the Royal Air Force LORD TEDDER, Chief of the Air Staff.

Vice-Admiral Sir RHODERICK R. MCGRIGOR, Vice-Chief of the Naval Staff.

Major-General R. E. LAYCOCK, Chief of Combined Operations.

General Sir HASTINGS ISMAY, Office of the Minister of Defence.

Sir ERIC MACHTIG, Dominions Office.

Mr. R. G. HOWE, Foreign Office.

Mr. I. A. D. WILSON-YOUNG, Foreign Office.

Australia.

The Right Hon. J. B. CHIFLEY, Prime Minister of Australia.

The Right Hon. H. V. EVATT, Minister of External Affairs.

Sir FREDERICK SHEDDEN, Secretary of Department of Defence.

The Right Hon. J. A. BEASLEY, High Commissioner for Australia.

Dr. H. C. COOMBS, Secretary of Department of Post-War Reconstruction.

Dr. J. W. BURTON, Department of External Affairs.

Mr. J. D. L. HOOD, External Affairs Liaison Officer in London.

New Zealand.

The Right Hon. W. NASH, Deputy Prime Minister of New Zealand.

Mr. F. SHANAHAN, Secretary of Defence Committee.

Mr. F. H. CORNER, Department of External Affairs.

Secretariat:

Sir NORMAN BROOK.
Sir JOHN STEPHENSON.
Major-General Sir LESLIE HOLLIS.
Mr. C. G. EASTWOOD.
The Hon. F. E. CUMMING-BRUCE.

CONTENTS.

1. Opening of Meeting.
2. Review of Foreign Policy.
3. Regional Organisation in South-East Asia and South-West Pacific.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Opening of Meeting.

1. MR. ATTLEE welcomed Mr. Chifley and Dr. Evatt representing Australia, and Mr. Nash, representing New Zealand. He expressed his regret that it had not proved possible for all the Dominion Governments to be represented at the opening meeting but he looked forward to the arrival later of the Prime Ministers of Canada and South Africa.

MR. CHIFLEY thanked Mr. Attlee for his welcome and expressed his pleasure at being able to come to London.

MR. NASH also thanked Mr. Attlee. He expressed the regret of the Prime Minister of New Zealand at his inability to be present.

Review of Foreign Policy.

2. MR. ATTLEE invited Mr. Bevin to give a general review of foreign policy.

MR. BEVIN said that the policy which His Majesty's Government in the United Kingdom were following in discussion of the peace settlements was founded on the United Nations Organisation, with regard also to the need for safeguarding the defence of the British Commonwealth. Foreign policy was so closely linked with strategic needs that he feared he would be obliged to encroach in his review on questions of defence and British Commonwealth communications.

Mr. Bevin referred to the difficulties that had arisen between the Allies in the post-war settlement. He was trying to work with both the United States and Soviet Governments, but difficulties had been experienced with each, and especially with the latter. He had eventually found it necessary to take a firm line with the Soviet Government at the First Assembly of the United Nations Organisation and he hoped that they would be more reasonable in their attitude at the forthcoming meeting of Foreign Ministers in Paris.

As regards the Mediterranean, the Soviet Government had staked out claims which would establish them in a position threatening British Commonwealth communications. He had so far resisted the Soviet claims, a course which was in accordance with the views expressed strongly by the South African Government.

The United Kingdom Government for their part aimed at the establishment of a security zone from the Iberian Peninsula to Aden to protect the lines of communication to the Indian Ocean and the Pacific and the vital oil resources in the Middle East. Our primary difficulty was that there was no territory in the Middle East on which we could with security build up our base. It remained to be seen whether we could secure reliable facilities in Egypt as the result of the negotiations now going on there. In case that proved impossible, consideration had recently been given to the possibility of establishing the main base for the Middle East in Kenya. Despite its distance, a base there would have advantages, since it would also face towards the Indian Ocean and would provide a natural meeting-ground for South Africa, India and the United Kingdom.

Mr. Bevin also stressed the importance of our supporting social development in the Middle East. We could not afford to be represented as defending the Pashas while the Communists obtained the support of the common people. He had established a Middle East Office to endeavour to stimulate social progress. It would be able to call on pools of experts in health, irrigation and other matters to advise and assist Arab Governments.

A difficult problem was awaiting settlement in the Straits. The Soviet Government claimed a special position there. The United Kingdom Government took the view that the Straits should be an international waterway and had expressed their readiness to revise the Montreux Convention. Much depended on the settlement reached in this case since it would affect the Soviet view as to the settlement in the Dodecanese and it would also affect the political situation in Greece.

In Eastern Europe generally, it was difficult to penetrate behind the iron curtain let down by the Russians. His policy was to concentrate for the moment on trade agreements which might lead on later to a solution of political difficulties. He hoped that he was about to conclude a reasonably satisfactory trade agreement with Yugoslavia and negotiations were proceeding with Poland.

In Western Europe, the political future of France was very uncertain, and the United Kingdom Government's relations with her had been complicated by the difference of view over the future of the Ruhr and Rhineland. He had, however, worked out tentative proposals with a view to exploratory discussions with

the French, Belgian and Netherlands Governments; and the United States Government had communicated proposals for a treaty to provide for the disarmament of Germany, which would, he thought, serve as a useful basis of discussion. In Northern Europe the political position of Norway was difficult. As to Spain, while he disliked the Franco régime, a breach with Spain would involve the loss of valuable supplies of pyrites, ore and resin.

The general aim of the United Kingdom Government in Europe was to support the principle of social democracy, which was not acceptable to the Soviet Government. The United Kingdom Government were handicapped by their temporary inability to offer either credits or supplies, and the ultimate success of this policy must for a time remain in doubt.

MR. CHIFLEY said that the main question which the Australian Ministers wished to discuss with their colleagues from other parts of the British Commonwealth was that of future arrangements for defence in the Pacific. Australia had been in a very difficult position in 1942–43. They had recognised then that the British Commonwealth must use the greater part of its resources to preserve the United Kingdom—if that had been overrun, the rest of the Commonwealth could scarcely have survived—and that in those circumstances they could not expect that much material assistance could be given towards the defence of Australia and New Zealand. They wished, however, to do their best to ensure that such a situation should not arise again in the future. It was possible that Japan might again become capable of aggression in the Pacific; and the security of Australia and New Zealand might be threatened from other quarters. They were anxious, therefore, that properly co-ordinated arrangements should be made in advance for defence against aggression in the Pacific, so that the future security of Australia and New Zealand could be assured.

DR. EVATT added that it was the desire of the Australian Ministers to see that the United States was associated with arrangements for defence in the Pacific. Thus, while they were willing in principle to give the United States Government facilities for military bases in the South-West Pacific, they would wish to be assured that these bases would be used in accordance with a common defence policy for the area.

Dr. Evatt said that he had been greatly interested in Mr. Bevin's suggestions for building up a line of communication from the United Kingdom through Africa to the Pacific.

As regards the Peace Conference, the Australian Government recognised that United Kingdom Ministers had special interests in and special knowledge of Europe's problems; but Australia was anxious to play its part in the negotiation of the peace settlements with European Powers, and felt that it was entitled to do so in view of the contribution which it had made as a belligerent in Europe in both the great wars of the twentieth century. At the meeting of the Council of Foreign Ministers in London Australia and other Dominions had made their views known. They had requested the calling of a conference of active belligerents in the European war, which would review all recommendations of the Council of Foreign Ministers. Subsequently, at the Moscow Conference it had been agreed that the draft Peace Treaties should be considered at the wider Peace Conference, at which Australia would be represented. He hoped that at this wider Conference there would be real consultation with the Powers not represented on the Council of Foreign Ministers. He requested that, if there were problems which could not be solved at the forthcoming meeting of Foreign Ministers in Paris, the wider Conference would be given a practical opportunity to solve them.

Dr. Evatt agreed that relations with the Soviet Government constituted the greatest current problem of foreign policy. This problem could best be considered in relation to specific issues, as they arose in the course of the conferences. He hoped, however, that none of the Governments of the British Commonwealth would wish to proceed on the postulate that conflict with Russia was inevitable. Such a postulate would result in the problems of the peace settlement and of territorial adjustments being solved, not in accordance with principles of justice, but solely in accordance with military and strategic planning with Russia as the designated enemy. Such a possibility was disastrous and utterly inconsistent with the principles of the United Nations Organisation.

MR. NASH said that during the last war the United Kingdom had saved civilisation, in the sense that the great contributions made by the British

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Dominions and the United States of America would have been of no avail if the United Kingdom had not stood firm in 1940. Now, however, the United Kingdom was confronted with a situation more difficult than any which she had faced before, and he did not see how she could maintain her influence unless all parts of the Commonwealth came closely together in peace, as they had done in war. The time had gone when the United Kingdom alone could tell other countries what to do. If the British Commonwealth could be regarded as a unit in foreign policy there would now be three world Powers of roughly equal influence—the British Commonwealth, the United States and the Soviet Union. Each had a different outlook and philosophy in world affairs; and it seemed that the policies of only two out of the three were reconcilable.

Throughout South-East Asia and the Far East there was a rising tide of nationalism. Public attention was now focussed on the problem of famine in these areas; but we should realise that these peoples had never in the past had enough to eat. As they became better educated they realised the extent to which the Western peoples had drawn from them resources with which they might have improved their own standards of life, and they were ready to set higher standards for themselves. They were no longer prepared to accept domination by the Western Powers. The peoples of the British Commonwealth were now prepared to assist them to develop their economy and to raise their standard of living. We could no longer defend policies which maintained half the world in plenty at the cost of leaving the other half in conditions of starvation. The result of raising the standard of life of the peoples of the East would be to increase their power; and, unless we were to make them more dangerous to ourselves, we must at the same time find positive means to convince them of the advantages of a peaceful way of life. We must seek a positive policy in which we could persuade the United States Government to join us; but we should be handicapped in making progress in this direction so long as we were uncertain of the policy of the Soviet Union. It would be tragic if that uncertainty forced us to abandon progressive policies and concentrate on measures of self-defence; and the consequences for the world's future over the next 100 years would be disastrous. He hoped that it might be possible to find some means to avoid this policy of despair.

Mr. Nash said that his primary object in attending the present conference was to see how New Zealand could best contribute towards a common scheme for the defence of the Pacific area. The defence of this area could be assured only by the co-operation of the Governments of Canada, Australia, New Zealand, South Africa and the United Kingdom; and he agreed that there would be great advantages if the United States could also be induced to play a part in such a common plan. If a common scheme of defence could be arranged, New Zealand would be ready to play her part, both financially and otherwise.

The following points were made in discussion:—

(*a*) The future development of Japan must, for the time, remain uncertain. A country of this size could not be held down indefinitely; and, if the victorious Powers attempted to follow that course, by military occupation or control, they would bleed themselves white in the process. Our policy must be to seek to transform Japan into a useful and reliable member of the comity of nations. We should, in particular, avoid the type of treatment which had left Germany eager for, and capable of, further aggression within twenty years after 1918.

We could not exclude the possibility that China and Japan might draw more closely together. China might become interested in such a rapprochement. There were already Chinamen who felt that there were no great divergencies of interest between China and Japan. And advantage might be taken of conflicts of interest in China between the Great Powers. There were already signs of conflict between Soviet policy in Manchuria and United States policy in North China. The Japanese population in China might also increase. It seemed likely that members of the Japanese armies in China would remain there in substantial numbers. And the payment of reparations by Japan might have the same effect if China's claim to reparations (which was larger than that of any of the other Powers) could be satisfied only through the importation into China of large numbers of Japanese technicians. Such a movement might have the effect of creating a considerable war potential in China. Finally, it should not be overlooked that the Chinese bitterly resented the secret treaty between the United States Government and the Soviet Government about the disposal of Port Arthur; and this might become a further rallying point between China and Japan.

(*b*) MR. CHIFLEY stressed the importance of securing facilities for British Commonwealth bases in the Netherlands East Indies. This was a point which should be kept in mind in discussion of any political settlement between the Netherlands Government and the Indonesian leaders. If an independent Indonesian republic were created, it would become even more important that we should secure appropriate military facilities in such places as Batavia, Sourabaya and Koepang. This was in the outer ring of any defence scheme for the South-West Pacific and was almost as important for that purpose as New Guinea.

(*c*) MR. GEORGE HALL said that he would like to put it on record that—except in North Borneo, which was still under military administration—civil government had been re-established in all the British Colonial territories in South-East Asia and the Far East.

(*d*) Reference had been made in the discussion to the growth of nationalist feeling in various countries throughout the world. It would be mistaken to suppose that these movements were always inspired by Communists acting on the instructions of the Soviet Government. In addition, there had been a widespread swing-over of political opinion towards the Left. MR. CHIFLEY said, in particular, that Admiral Mountbatten was convinced that the nationalist movement in Indonesia had not been inspired by Communists.

MR. ATTLEE emphasised that in the circumstances created by the development of new weapons, the United Kingdom had become very vulnerable to attack. The Empire had many of her eggs in a small basket in an uncomfortably exposed position. It was, therefore, of first importance for the United Kingdom to stimulate the independence of neighbouring European States.

As regards the route through the Mediterranean, this must necessarily remain of great interest to the British Commonwealth. Our difficulty there was that we had no secure foothold of territory in the Middle East west of the southern end of the Red Sea. Mr. Bevin had already explained the difficulties in Egypt; and Palestine would not provide a satisfactory alternative.

Mention had been made of the problem of India. There was one aspect of that problem not always realised. Thanks to the peace and security which we had maintained throughout India, her population was increasing at the rate of 5 million a year without a corresponding increase in her food resources.

LORD ADDISON said that two points in particular seemed to him to have emerged from the discussion; first, a general recognition of the need for more effective machinery for co-operation between the different parts of the Commonwealth; secondly, a general recognition that co-operation with the United States in many spheres of policy would also be necessary.

He wished to suggest that the possibility of closer economic co-operation should be explored. For instance, Australia was the producing area geographically marked out as the natural one to supply food to India, and he would like to suggest that there were here possibilities of building up trade on a very large scale. He hoped that the future Government in India would be willing to build up large stocks of grain as a reserve against recurring famine.

Reference had been made to the growth all over the world of the spirit of nationalism and the demand for better standards of life. It would be a mistake for the Commonwealth to regard this as necessarily a menace to its well-being. That would depend on our method of approach to these movements. They might well be turned to our advantage.

The immediate question, as epitomised by Mr. Nash, seemed to him to be that the Meetings should think out machinery for making co-operation between the different parts of the Commonwealth more effective, particularly in the great area between New Zealand, Australia and South Africa. It seemed to him that there were great possibilities of building up a more coherent system than that which existed at present. It had been shown in the war that the different parts of the Commonwealth could co-operate closely to their mutual advantage. The same should be possible in peace.

Regional Organisation in South-East Asia and South-West Pacific.

3. MR. BEVIN, during the course of his review of foreign policy, referred to the organisation which had recently been established in South-East Asia under Lord Killearn as Special Commissioner for the area. It seemed to him that this was an organisation which had great possibilities. There was great need

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

for economic development in all the countries of South-East Asia, where there were great resources and the general standards of living were still low. It would be to the common advantage if these standards could be raised. There was here a vast potential market at present largely untapped. The area was one in which many countries were concerned. Thus it was pre-eminently an area in which co-ordination of effort would be to the common advantage. He saw Singapore as the focal point in this co-ordination. Lord Killearn's headquarters would be there. He hoped that it would be the focus round which the United Kingdom, Australia, New Zealand and India could build up the development of the whole area. The British Commonwealth and Empire was somewhat strung out in this part of the world; he looked to the new organisation at Singapore to provide a meeting ground for certain practical purposes, and he hoped that it could be built up to provide a binding link between the different parts of the Empire. While we should need and value the co-operation of foreign countries immediately interested in the area, such as France, Siam and the Netherlands East Indies, he did not see that a forward policy in this area need bring us into conflict with any of the other Great Powers.

Lord Killearn's organisation was starting in a modest way. At the moment it was primarily concerned with the urgent problem of organising and co-ordinating food supplies for the area. Lord Killearn had just held a useful Conference on this subject, at which the heads of the administration of all the territories had been present and also a representative from Australia. Mr. Bevin saw further useful work to be done in the field of nutrition, a subject on which Australia and New Zealand had already contributed much. There seemed to him also room for the development of broadcasting and other publicity services and for the co-ordination of shipping facilities. The organisation would be able to draw on the experience gained by the South-East Asia Command which had covered the whole area. He suggested that the opportunity should be taken of the meetings of Prime Ministers to discuss fully the possibilities of developing the new organisation.

DR. EVATT said that he had been much interested in Mr. Bevin's statement. He welcomed his emphasis on the need for improved economic standards in the area. That was important from the point of view of both security and welfare. He recalled that Australia and New Zealand had themselves proposed a year or two ago the establishment of a regional commission for the South-West Pacific. The area which it was to cover did not extend so far to the West as Singapore. He believed that there were great possibilities in the idea of closer association for regional purposes. He suggested that in studying the subject as suggested by Mr. Bevin, the earlier proposals made by Australia and New Zealand should be included. MR. BEVIN agreed to this suggestion.

Cabinet Office, S.W. 1,
23*rd April*, 1946.

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

C223704

The circulation of this paper has been strictly limited. It is issued for the personal use of Mr Mackenzie King

TOP SECRET **Copy No.** 52

P.M.M. (46) 2nd Meeting.

MEETING OF PRIME MINISTERS.

MINUTES of the Second Meeting held at 10, *Downing Street, S.W.* 1, *on Tuesday,* 23*rd April,* 1946, *at* 4 *p.m.*

Present:

The Right Hon. C. R. ATTLEE, M.P., Prime Minister of the United Kingdom (*in the Chair*).

United Kingdom.

The Right Hon. ERNEST BEVIN, M.P., Secretary of State for Foreign Affairs.

The Right Hon. VISCOUNT ADDISON, Secretary of State for Dominion Affairs.

Field-Marshal VISCOUNT ALANBROOKE, Chief of the Imperial General Staff.

Marshal of the Royal Air Force LORD TEDDER, Chief of the Air Staff.

Vice-Admiral Sir RHODERICK R. MCGRIGOR, Vice-Chief of the Naval Staff.

Major-General R. E. LAYCOCK, Chief of Combined Operations.

General Sir HASTINGS ISMAY, Office of the Minister of Defence.

Mr. R. G. HOWE, Foreign Office.

Australia.

The Right Hon. J. B. CHIFLEY, Prime Minister of Australia.

The Right Hon. H. V. EVATT, Minister of External Affairs.

Sir FREDERICK SHEDDEN, Secretary of Department of Defence.

The Right Hon. J. A. BEASLEY, High Commissioner for Australia.

Dr. H. C. COOMBS, Secretary of Department of Post-War Reconstruction.

Dr. J. W. BURTON, Department of External Affairs.

Mr. J. D. L. HOOD, External Affairs Liaison Officer in London.

New Zealand.

The Right Hon. W. NASH, Deputy Prime Minister of New Zealand.

Mr. F. SHANAHAN, Secretary of Defence Committee.

Mr. F. H. CORNER, Department of External Affairs.

Secretariat:

Sir JOHN STEPHENSON.

Mr. C. G. EASTWOOD.

The Hon. F. E. CUMMING-BRUCE.

Group-Captain D. C. STAPLETON.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Strategic Position of the British Commonwealth.

The Meeting had before them a report (P.M.M. (46) 1) by the Chiefs of Staff containing a broad strategical appreciation of the position of the British Commonwealth in the light of Commonwealth resources and modern conditions of warfare.

LORD ALANBROOKE, speaking on behalf of the Chiefs of Staff, amplified the report before the Meeting, and with the aid of maps explained the factors which had led the Chiefs of Staff to the conclusions recorded in paragraph 13 of their report. He emphasised that the appreciation was not compiled on the assumption that war was imminent or inevitable, but it set out the military position in which the Commonwealth found itself at the present time and the precautionary measures which it should take for its future defence.

LORD TEDDER dealt with the air aspect and recent development of weapons. He explained the importance of the time factor and the necessity for ensuring the security of bases in any possible future conflict.

SIR RHODERICK McGRIGOR explained in the light of modern developments the importance which still attached to keeping the sea communications open between the vital areas of the Commonwealth, and the future efforts and requirements of the Navy in dealing with this problem.

The Meeting, after hearing the views of the Chiefs of Staff, had a full discussion on the strategy outlined in the report, with particular reference to its bearing on the United Nations Organisation.

Cabinet Office, S.W. 1,
23*rd April*, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

W.L.M. KING PAPERS
MG 26 J4

PAGES C.223706. to C.223707. have been removed from circulation at the request of the Department of External Affairs.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

SECRET.

Copy No. 51

P.M.M. (46) 11.

24th April, 1946.

C223708

MEETING OF PRIME MINISTERS.

THE DRAFT PEACE TREATIES WITH ITALY, ROUMANIA, BULGARIA, HUNGARY AND FINLAND.

MEMORANDUM BY THE SECRETARY OF STATE FOR FOREIGN AFFAIRS.

AS a result of the Moscow Agreement (Annex A) the Deputies resumed work on the Peace Treaties in London in January. The Italian Treaty has been discussed on the basis of the original United Kingdom draft Heads and the conclusions reached at the Council in September. The Balkan and Finnish Treaties have been discussed on the basis of draft Treaties submitted by the Soviet Delegation.

I.—ITALIAN PEACE TREATY.

The Soviet Deputy, M. Gousev, has put forward a number of extreme claims and has been unwilling to make any concessions on any important question. The main features of the Deputies' discussions have been :—

A.—*Venezia Giulia.*

The Deputies appointed a Four-Power Commission to visit the area. The Commission's report is not yet complete and the alignment of the new Italo-Yugoslav frontier has thus not yet been discussed in substance by the Deputies. But in the course of the discussions about the terms of reference of the Commission, the Soviet Delegation showed their sympathy for the extreme Yugoslav claim (which covers the whole disputed area and parts of Italy proper), whilst the three Western Powers favoured an Italian Trieste linked by a corridor to Italy. The United States Delegation suggested a frontier which would follow the 1914 Austro-Italian frontier in the Isonzo Valley down to Gorizia, which would leave to Italy the towns of Gorizia and Trieste and the Western half of the Istrian peninsula including the Arsa coalfields.

B.—*South Tyrol.*

The Deputies consider they are precluded by the Foreign Ministers' decision in September from considering the Austrian claim for the whole of the South Tyrol. Whilst the other Delegations would have been prepared to examine minor rectifications in Austria's favour on the basis of the Austrian memoranda, M. Gousev declined to do so.

C.—*Franco-Italian Frontier.*

Apart from the Briga-Tenda area the United Kingdom and United States Delegations are ready to accept the French claims. M. Gousev has declined to express any view.

D.—*The Dodecanese.*

Greece's claim is supported by the United Kingdom, United States and French Delegations. M. Gousev has refused to discuss this question.

E.—*Future of the Italian Colonies.*

M. Gousev has maintained the Soviet claim to sole trusteeship over Tripolitania, whilst signifying his readiness to agree to collective trusteeship over the other Colonies. Mr. Dunn, the United States Deputy, has maintained the United States proposals for U.N.O. Collective Trusteeship over all the Colonies and has privately informed M. Gousev that the United States Government would not support the claim of any one of the Big Four to sole trusteeship over any colony. The French Delegation advocate Italian trusteeship over all the Colonies. The United Kingdom Delegation have argued that this problem should be dealt with in two stages: limiting the Treaty provisions to the renunciation of Italian sovereignty, and leaving the future arrangements for later discussion.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223709

F.—*Reparation.*

M. Gousev has maintained the Soviet claim for 100 million dollars with a further 200 million dollars for Yugoslavia, Greece and Albania. Whilst the other three Delegations recognise Italy's liability to make reparations, they maintain that she is physically incapable of doing so, except in certain limited forms : surplus war plant, external assets, or State property in ceded territories.

G.—*Economic and Financial Clauses.*

With the exception of restitution, on which the Soviet Delegation advocate a thesis different to that recommended by the United Kingdom, United States and French Delegations, the Soviet Delegation have refused to discuss in detail any of the economic and financial clauses pending settlement of the reparation issue.

H.—*Military, Naval and Air Clauses.*

Good progress has been made with these and agreement has been reached at expert level on limiting the Italian Army to 265,000 men and the Italian Air Force to 350 machines. Various measures of demilitarisation are to be applied to Pantellaria, the Pelagian Islands, Sicily and Sardinia and probably also on the Franco-Italian frontier. Certain types of weapon, *e.g.*, rockets and submarines, are to be prohibited.

The two principal unresolved problems are the disposal of the Italian Navy and the establishment of Allied machinery to verify the execution of these clauses.

I.—*Disposal of the Italian Navy.*

The four Delegations are agreed that Italy shall be allowed to retain a Navy, but its exact size is still under debate. The Soviet Delegation have advanced a claim to one-third of the Fleet, which is contested by the other three Delegations. The disposal of the balance between the other Allies has not yet been discussed.

J.—*Allied Machinery for the Enforcement of the Military, Naval and Air Clauses.*

The Soviet Delegation are opposed to the establishment of any machinery. The other three Delegations consider such machinery is necessary if only for a short period.

II.—Treaties with Roumania, Bulgaria and Hungary.

As there are common features between all the Peace Treaties the failure to agree on an Italian draft has impeded progress on the Balkan Treaties. There are, moreover, certain major questions on which difference has arisen between the Soviet Delegation on one side and the United Kingdom and United States Delegations on the other. These are :—

A.—The need to define frontiers which the Soviet Delegation argue is unnecessary.

B.—Provisions for the Danube, to any mention of which the Soviet Delegation are opposed.

C.—The limitation of the Armed Forces of these three enemy States, which the Soviet Delegation consider is unnecessary.

D.—Adequate economic and financial provisions, more especially the restoration of United Nations property, rights and interests which the Soviet Delegation tend to regard as superfluous.

The payment of adequate reparation by Bulgaria to Greece has not yet been discussed and may present difficulties.

III.—Treaty with Finland.

Once the other treaties have been agreed this treaty should present little difficulty.

E. B.

Foreign Office, S.W. 1,
24th April, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223710

ANNEX A.

Extract from Moscow Agreement.

AS announced on the 24th December, 1945, the Governments of the Soviet Union, the United Kingdom and the United States of America have agreed and have requested the adherence of the Governments of France and China to the following procedure with respect to the preparation of Peace Treaties :—

1. In the drawing up by the Council of Foreign Ministers of Treaties of Peace with Italy, Roumania, Bulgaria, Hungary and Finland, only members of the Council who are, or under the terms of the agreement establishing the Council of Foreign Ministers adopted at the Berlin Conference are deemed to be, signatory of the surrender terms, will participate, *unless and until the Council takes further action under the agreement to invite other members of the Council to participate on questions directly concerning them.* That is to say :—

(*a*) The terms of the Peace Treaty with Italy will be drafted by the Foreign Ministers of the United Kingdom, the United States of America, the Soviet Union and France;

(*b*) The terms of the Peace Treaties with Roumania, Bulgaria and Hungary by the Foreign Ministers of the Soviet Union, the United States of America and the United Kingdom;

(*c*) The terms of the Peace Treaty with Finland by the Foreign Ministers of the Soviet Union and the United Kingdom.

The Deputies of the Foreign Ministers will immediately resume their work in London on the basis of understandings reached on the questions discussed at the first plenary session of the Council of Foreign Ministers in London.

2. When the preparation of all these drafts has been completed, the Council of Foreign Ministers will convoke a conference for the purpose of considering Treaties of Peace with Italy, Roumania, Bulgaria, Hungary and Finland. The conference will consist of the five members of the Council of Foreign Ministers together with all members of the United Nations which actively waged war with substantial military force against European enemy States, namely : U.S.S.R., United Kingdom, United States of America, China, France, Australia, Belgium, Belo-Russian S.S.R., Brazil, Canada, Czechoslovakia, Ethiopia, Greece, India, the Netherlands, New Zealand, Norway, Poland, Union of South Africa, Yugoslavia and Ukrainian S.S.R. The conference will be held not later than the 1st May, 1946.

3. After the conclusion of the deliberations of the conference and upon consideration of its recommendations the States signatory to the terms of armistice with Italy, Roumania, Bulgaria, Hungary and Finland—France being regarded as such for the purposes of the Peace Treaty with Italy—will draw up final texts of Peace Treaties.

4. The final texts of the respective peace treaties as so drawn up will be signed by representatives of the States represented at the conference which are at war with the enemy States in question. The texts of the respective peace treaties will then be submitted to the other United Nations which are at war with the enemy States in question.

5. The peace treaties will come into force immediately after they have been ratified by the Allied States signatory to the respective armistices, France being regarded as such in the case of the Peace Treaty with Italy. These treaties are subject to ratification by the enemy States in question.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223711

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

Printed for the Cabinet. April 1946.

The circulation of this paper has been strictly limited. It is issued for the personal use of Mr. Mackenzie King

TOP SECRET

Copy No. 51

P.M.M. (46) 15.

24th April, 1946.

MEETING OF PRIME MINISTERS.

DISPOSAL OF THE ITALIAN COLONIES.

MEMORANDUM BY THE SECRETARY OF STATE FOR FOREIGN AFFAIRS.

I.—Introduction.

MY purpose in this paper is to summarise the salient features of this question, to describe developments during recent months and to examine a number of alternative solutions. Facts and figures on the population and finance are given in Annexes A and B.

2. The major points on which any consideration of this question must be based will appear in the course of what follows; but its primary importance to us lies in the fact that these territories are at present in our possession by right of conquest and are under British military administration, and that they flank the main line of Imperial communication between the United Kingdom, India, Australia and New Zealand. The war with the Axis has demonstrated their strategic importance and any decision as to their disposal must be closely related to the broad question of Imperial Defence.

3. It is my wish, before His Majesty's Government in the United Kingdom come to any decision on the policy to be adopted, to confer with my Dominion colleagues so that we may agree on a policy which will not only satisfy the interests of the British Commonwealth, but will also take into account the necessity of arriving at a practical solution and of obtaining the acceptance of the major Powers, so far as is possible, and of the inhabitants of the territories themselves.

4. The advantages and disadvantages of arriving at an immediate solution are examined in paragraphs 19–22. Whether it is wise or not to delay the final international arrangement disposing of these territories, it is at least imperative in my view that we should decide urgently in our own minds what our immediate policy is to be. I cannot over-emphasise the responsibility which the Government of the United Kingdom is bearing in its present administration of these territories and if it should be decided to postpone decision on the policy to be adopted we shall still have to decide in what form this administration is to continue.

5. There are in my view two questions of great urgency which have to be decided as quickly as possible, even if it is resolved to hold over any decision on the whole problem of the Italian Colonies to a later date:—

(1) Our present position in the Ogaden and the Reserved Area, which are both territories under Ethiopian sovereignty, is dependent on a treaty with Ethiopia which expires next March. It has to be decided, therefore, whether, in order to obtain our objectives in East Africa, we should proceed at once to negotiate an agreement with the Emperor of Ethiopia.

(2) The problems of the present administration of the Italian Colonies are discussed more fully in this paper. The urgent question at the moment is to decide how the administration is to continue if we feel it is wise to maintain it for any protracted period. There are not only acute difficulties of staff. There are grave dangers of trouble, particularly

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

in Libya, if the United Kingdom Government continue to make no declaration of policy which satisfies to some extent the heavy pressure which the inhabitants themselves are putting on the administration. If no such declaration is made, it is inevitable that our popularity will wane, and that the inhabitants will add violence to their pressure, and ultimately it may be impossible to put through any proposals on which we may finally decide. At the same time it must be borne in mind that we are bound under International Law to pursue a policy of Care and Maintenance, and any unilateral action which we may take must be such as not to have International repercussions, that would equally render impossible the application of our final proposals.

6. On those two points an early decision is required. The broader question of the final settlement is one which needs yet more careful consideration, and in this paper I have attempted to set out the advantages and the disadvantages of the alternative proposals which have been made.

II.—Retrospect.

The United Kingdom Government's Commitments.

7. The United Kingdom Government, up to September of last year, had entered into the following commitments :—

(i) On the 8th January, 1942, the then Foreign Secretary said in the House of Commons : " His Majesty's Government are determined that at the end of the war the Senussis in Cyrenaica will in no circumstances again fall under Italian domination." In addition, in 1940 General (now Field-Marshal) Wilson told an assembly of Senussi Chiefs : " We shall co-operate . . . . so that the Arabs may be entitled to regain their freedom and take back their lands from Italian oppressors and restore their independence once more."

(ii) They are committed to consultation with the British Somalis by pledges given in Parliament that their status would not be changed without consultation.

(iii) They are morally bound to consider the interests and wishes of the inhabitants of the former Italian Colonies and, in particular, they subscribed to the Declaration in the San Francisco Charter (Article 73) in recognising the principle " that the interests of the inhabitants of these territories " (*i.e.*, all dependent territories) " are paramount " and of accepting " the obligation . . . . to develop self-government, to take due account of the political aspirations of the people and to assist them in the progressive development of their free political institutions." The inhabitants, in particular of Libya, have been given to believe that they will be formally consulted before any decision is taken on their future.

Council of Foreign Ministers, September 1945.

8. Before the meeting of the Council of Foreign Ministers in September the *United Kingdom* ideas for the future of the Italian Colonies were as follows :—

(*a*) Tripolitania to be placed under international trusteeship with Italy as Administering Authority.

(*b*) Cyrenaica to be placed under international trusteeship with the United Kingdom as Administering Authority.

(*c*) Italian Somaliland, together with British Somaliland, the Ogaden and the Reserved Areas, to be placed under international trusteeship with the United Kingdom as Administering Authority.

(*d*) Eritrea to be given to Ethiopia, except for the North-Western Lowlands which were to be joined to the Sudan.

These proposals were not submitted to the Council of Foreign Ministers in September because the situation was radically altered by the presentation of the United States plan for Collective Trusteeship and the Soviet demand for Tripolitania.

9. *The United States proposals* are as follows :—

(*a*) Libya will be granted independence at the end of ten years. In the interval it will be under a U.N.O. trusteeship agreement. This will provide for an administrator with full executive power appointed by

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223713

and responsible to the Trusteeship Council of U.N.O. To him will be attached an Advisory Committee of seven composed of representatives of the United Kingdom, the Union of Soviet Socialist Republics, France, Italy and the United States and a European and an Arab resident of Libya selected by the five Governments named.

(*b*) Eritrea will be accorded the same treatment as in the case of Libya, the Advisory Committee in this case, however, to include two residents of Eritrea appointed by the five Governments. There will, however, be a territorial cession in favour of Ethiopia which will give Ethiopia access to the sea through the port of Assab.

(*c*) In the case of Italian Somaliland, there will be a similar trusteeship arrangement, without, however, any fixed date for independence. There will be an administrator appointed by and responsible to the Trusteeship Council of U.N.O. and an Advisory Committee including two residents of Somaliland in addition to the representatives of the five Governments named.

(*d*) In the case of all three colonial areas, the Security Council of U.N.O. may, if it deems necessary, select strategic points for administration by it as strategic areas in the interest of world security.

10. The United Kingdom Government decided to give the American proposal conditional support for the following reasons :—

(*a*) The probable effect on public opinion in this country;

(*b*) The proposal provided a means of dealing with the embarrassing Russian request for sole trusteeship over Tripolitania;

(*c*) The importance of assisting the United States Administration to engage American responsibility in this field, while public opinion in the United States was in the mood.

This decision was made on the assumption that, if the United States plan was accepted, the United States would play its part. This, it was pointed out, was vital.

11. The decision of the Council of Foreign Ministers in September was to refer to the Deputies "for preliminary consideration the matter of trusteeship for the Italian Colonies, suggesting that they should make the widest use possible of the proposals of the United States Delegation and take into account the views expressed by the other Delegations . . . ." and "asked the Deputies to present their report on this question to the Governments members of the Council not less than fourteen days before the opening of the next Plenary Conference of the Council."

Views of other Governments.

12. The *French* advocate Italian trusteeship over all the Colonies, subject to certain territorial rectifications with adjacent French territory.

13. *Egypt* considers that a plebiscite should be held in Libya and would welcome any of the following solutions: a free and independent Libya which could become a member of the Arab League; incorporation in Egypt; or an International Trusteeship to be exercised by Egypt or the Arab League. These Egyptian proposals have been endorsed by other Arab States.

14. The Emperor of Ethiopia has laid claim to both Eritrea and Italian Somaliland and recently despatched representatives to discuss with the Foreign Office the whole question of Ethiopia's frontiers. The Ethiopian Foreign Minister was informed that the United Kingdom Government wished to solve the problem of the grazing grounds of the British Somali tribes which lay in Ethiopian sovereign territory, and that the solution which the United Kingdom Government put forward in the interests of the inhabitants was the unification of all the Somali territories, and that if the Emperor was prepared to consider this solution favourably it would be easier for the United Kingdom Government to support Ethiopia's claims to Eritrea.

Views of the Government of South Africa.

15. The *South African* Government transmitted on the 20th September, 1945, a memorandum which stated that in their view "the chief issue of the disposal of the Italian Colonies is whether or not the protection of the strategic Empire route through the Mediterranean and Red Sea is to be maintained or abandoned." It continued that the future control of strategic bases in Cyrenaica and Italian

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Somaliland should contain an effective guarantee to the British Commonwealth that the danger it had to fight against during the last two wars should not occur again, and that, as a result of Russia's expansion in the Near East, to place the Colonies under international control would expose the Arabs to increased Soviet influence. The memorandum concludes that the Red Sea communications are as important as ever and that therefore in order to reconcile British strategic interests with the United States proposal for Collective Trusteeship—

Cyrenaica should be retained under strategic control either—

(i) as a British strategic base under the Security Council; or
(ii) by granting independence to the Senussi and making a treaty with them under agreement with the Security Council; or
(iii) by putting it under Egyptian administration on condition that the military clauses in the Egyptian Treaty applied to Cyrenaica.

Tripolitania should either be returned to Italy and demilitarised or placed under International Trusteeship.

Eritrea should be given to Abyssinia and the *Somali territories* unified under British mandate.

16. In a message of the 6th October, 1945, Field-Marshal Smuts pointed out that "Russia had had her reward for her enormous efforts in Europe. Why should the British Commonwealth not have theirs for their immense efforts in Africa and the Mediterranean basin and elsewhere? We are prepared also to concede to the United States of America much of a free hand by way of strategic bases in the Pacific. She should loyally support us in our vital African interests," and should appreciate "that ours is not a mere selfish interest, but a vital necessity of future world balance and world peace." In another context Field-Marshal Smuts stated that Eritrea should only be given as trust territory to Ethiopia on condition that the United States accept the Massawa area as a security base, since it is in British interests to associate the United States in this all-important line of communication.

17. At the end of January a message was received from Field-Marshal Smuts setting out his views in the light of current developments on the three principal objectives to be achieved in the disposal of the Italian Colonies—

(*a*) to exclude Russia from any share in the Italian Colonies whatever;
(*b*) to preserve British strategic interests in North and East Africa;
(*c*) to win the lasting friendship of Italy.

Field-Marshal Smuts concludes that the United States plan is dangerous to British interests, and urges strongly that we should "play for time (he mentions a period of five years) rather than commit ourselves to steps which we may regret in future." In his view we should keep Cyrenaica and Tripolitania for the time being, with a view to restoring at any rate Tripolitania to Italy under trusteeship: meanwhile we should appeal to the United States to adopt a helpful attitude to us over the Italian Colonies, just as we are doing with the United States over Pacific territories.

III.—Undesirability of Delaying Tactics.

18. The various proposals which have been made for the disposal of the Italian Colonies reveal two principal differences of approach. Certain of them postulate that an immediate international agreement should be arrived at, while others maintain that decision on their future must be delayed.

19. The arguments for delay are—

(1) The international situation is so confused that it is preferable to wait until it clarifies before arriving at any decision.
(2) It is still uncertain whether the United Nations Organisation is capable of bearing the great responsibility of colonial administration in this period of its perilous infancy, and whether therefore any of the Italian Colonies can safely be entrusted to its charge under collective trusteeship.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

20. On the other hand, there is no advantage in playing for time unless we are likely to be in a better position to attain our objectives at the end of the time gained than we are at present. Delay might see Russia better placed in a few years time for asserting her aims in the Mediterranean and Levant, and the United States might be even less willing than now to share in responsibility in this area. It is therefore unsafe to assume that delay would improve our chances of keeping Russia out of Africa.

21. Delay would, moreover, have the following serious disadvantages :—

(i) If we refuse to discuss final arrangements for the Italian Colonies, the Russians will probably retaliate by refusing to commit themselves on the future of the Dodecanese and even on the Italian Peace Treaty as a whole, while throwing on us the odium of obstructing a settlement.

(ii) The United Kingdom would bear an increasingly burdensome administrative and financial responsibility for the colonies. There are already acute difficulties over staff which are increasing as demobilisation proceeds.

(iii) The uncertainty about the future complicates the task of the British Military Administrators and affords in the administered territories, and in the Middle East generally, grounds for criticism and intrigue which are likely to become increasingly embarrassing and to make the final settlement more difficult. The longer that British tutelage lasts the greater will nationalist feeling grow, and after a number of years it might become impossible to impose any settlement which could be agreed internationally. It is probable also that Libya may become infected with the Soviet propaganda that is active in the Middle East, and that Ethiopia will stir up trouble in Eritrea and Italian Somaliland.

(iv) Finally our present position in the Ogaden and the Reserved Areas has a definite time limit. It depends on the Anglo-Ethiopian Agreement of December 1944, which was secured only in the face of very keen opposition and which expires in March 1947. Failure to conclude a new Agreement with Ethiopia on the future of Italian East Africa might result in British troops continuing to occupy the Ogaden and the Reserved Areas beyond the time-limit of March 1947. We should then be exposed to the same criticism as Russia in recent weeks with regard to Persia. Moreover, the United States Government recognise Ethiopia's frontiers as those of 1935 and do not consider that there is any dispute regarding them. Unless we can push through our plan for a unified Somalia before the expiry of the present agreement, we shall never do so, unless we are prepared to involve ourselves in serious international complications, including perhaps the loss of American sympathy.

22. These are strong arguments for reaching a settlement now. But it is also becoming urgent to state our position in the discussion of the Italian Peace Treaty. The American Delegation have maintained their earlier proposals and have elaborated them without, however, giving any precise idea of how they would work in practice. The French Delegation has maintained that trusteeship over all the colonies should be exercised by Italy. The Russian Delegation has repeated its claim to individual trusteeship over Tripolitania, stating that it would agree to Collective Trusteeship for the other three colonies. It is understood that Mr. Dunn recently informed M. Gousev that the United States Government could not support a claim by any one of the Big Four to Individual Trusteeship over any of the colonies. Whilst the United Kingdom Deputy has attempted to postpone any decision on the future arrangements in the Colonies by taking the line that this was a matter which could be considered at leisure and that the only immediate decision required was agreement on a provision in the Italian Treaty that Italy should renounce her sovereignty over the colonies, it is now clear that the United States and Soviet Governments at least are not prepared to defer discussion of the future arrangements.

Our Objectives.

23. As stated above, the question of the Italian Colonies is closely related to that of Imperial Defence. In my view it is essential that we should maintain our position in the Mediterranean and Red Sea. It is not only a question of preserving this life-line in time of war, but also the vital importance

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223716

of acting in peace-time on the soft under-belly of Europe from the Mediterranean. If we maintain our position along this life-line, the stability of the Middle East generally will be an essential factor. The attitude of the neighbouring Arab States is, therefore, important in its relation to the future of the Italian Colonies and the solution must not be one which will disturb our relations with those countries. If, as I believe, we should develop British East Africa as a strategic reserve without renouncing our position in the Middle East, our approach to the problem of the Italian Colonies must be based on :—

(i) denial of these Colonies to any hostile influence, and perhaps even
(ii) retention by us of certain strategic facilities at key points.

In my view, therefore, unless the decision is taken to renounce our position in the Mediterranean and the Middle East we must agree to no solution which does not fulfil (i) above and it may also be desirable to satisfy the requirements of (ii).

24. Therefore, as I see it, our main aims must, therefore, be :—

(*a*) to arrive at a settlement which satisfies the interests of Imperial Defence;
(*b*) to prevent the Russians gaining control of any one of the colonies, and to reduce to a minimum their share in any international arrangements and their opportunities for interference;
(*c*) to sponsor a settlement which will meet, to the fullest extent practicable the needs and wishes of the inhabitants of the ex-Italian Colonies, *i.e.*—

(i) self-government for Libya;
(ii) a united Somalia;
(iii) the fusion of the major part of Eritrea (*i.e.*, excluding the Moslem area) with Ethiopia;

(*d*) to secure United States support.

25. I believe that even if it were possible to dispose of the Italian Colonies in opposition to the United States, that it would be most undesirable from every point of view that we should attempt to do so. In order to secure United States support it is essential not to go back on the decision in September to accept the United States plan in principle, subject to certain modifications and further examination of its practical application. We are not, perhaps, committed to support of this plan in its entirety since if it proves impracticable I will be justified in recommending its abandonment, but we are committed to giving it very serious consideration and I do not believe that we would obtain the support of the United States if we did not at least accept as starting-point the principles on which the American Collective Trusteeship proposals are based, namely :—

(i) that there should be no imperialist exploitation of the ex-Italian Colonies;
(ii) that the independence of the inhabitants should be recognised as soon as practicable.

Principal Alternative Solutions: General.

26. The solutions which present themselves can be based in the case of each territory on the following four general principles :—

(*a*) the principle of Collective Trusteeship (as proposed by the United States);
(*b*) the principle of Individual Trusteeship by a Power other than Italy (on which were based the British ideas of last September, the Russian claim to Tripolitania, and the proposals made by Field-Marshal Smuts);
(*c*) the restoration of her Colonies in some form to Italy (as proposed by the French Government and in the case of Tripolitania only, by the British plans which were not tabled at the Foreign Ministers' Conference in September);

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223717

(*d*) the recognition of local independence either by the creation of new States (as suggested for Cyrenaica by Field-Marshal Smuts, para. 15 above) or by the transfer of certain territories to the States to which they naturally belong.

A.—*Collective Trusteeship.*

27. The advantages and disadvantages of the American proposals for Collective Trusteeship lie principally in its possible methods of application. The American proposals aim at avoiding the projection of Great Power politics into the Italian Colonies. It is for this reason that the plan lays down that Trusteeship should be exercised not by the Four Great Powers but by U.N.O. acting collectively through the organ of the Trusteeship Council. If as a result of its application the plan leads to the introduction of a number of nationals from the Great Powers, there are clearly strong objections to it. There is an inevitable risk that the nationals of certain Great Powers will not be internationally minded, but will merely be the instrument of that State's power politics and also probably the disseminators of propaganda.

28. Moreover, as pointed out by the French Deputy, the system of Collective Trusteeship is a new conception which would place a considerable burden on the United Nations, itself an unfledged organisation. Its practical application would need, therefore, to be worked out very carefully. Considerable study has been given to this problem by departments in Whitehall, who have concluded that the United States proposals are feasible if the following points are all satisfactorily covered in the practical application of Collective Trusteeship :—

(i) The " Advisory Committees " of the United States plan would have to be eliminated as they would be likely to lead to a clash of responsibility, to project into each territory Great Power rivalry (which it is precisely the object of the Americans to avoid), and at the same time to provide the U.S.S.R. with opportunities for direct interference. The United States Deputy, no doubt aware of this danger, has now indicated that the Committee's powers would be very limited.

(ii) Wide authority would have to be given to the man on the spot.

(iii) An international Colonial Service would be required to ensure continuity of policy and administrative efficiency.

(iv) The arrangements for each territory would have, moreover, to take account of local conditions and would thus vary widely. Where possible, elaborate machinery superimposed from outside should be avoided, and we should seek instead to build on whatever already exists locally, reinforcing it at the beginning if need be with outside talent, but striving from the very start to make the maximum use of local institutions and local personnel. The United States memorandum proposes a standard plan to be applied in all territories alike, and in this respect will thus require substantial modification.

29. In general, therefore, Collective Trusteeship, if suitably modified, might be the form of International Trusteeship least open to the dangers of Great Power politics.

B.—*Individual Trusteeship.*

30. The principle of Individual Trusteeship is open to several very serious objections. It is true that the United Kingdom has a better claim than any other Power to be awarded the individual trusteeship of one or more of the Italian colonies. But a reversion to the idea of Individual Trusteeship would certainly give strength to the Russian claim to Tripolitania. It is imperative to exclude Russia from the large share in the colonies which she would be able to claim if either Individual or Four-Power Trusteeship was applied. Whilst trusteeship by a group of Powers might in theory be acceptable, it would in practice be very difficult to exclude in every case the U.S.S.R. from such a group, and by adopting this principle we should thus run the grave risk of giving the U.S.S.R. a larger share than she will enjoy under a system of Collective Trusteeship.

31. Moreover, the British Commonwealth would be exposed once more to a charge of imperialism if any part of the Italian Colonies were placed under

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223717A

British rule. The international implications of a request for British trusteeship over any of the territories must thus be balanced against the strategic advantages which we would thereby acquire. Such a request would not obtain the support of the United States Government, since, as mentioned above, the American Secretary of State's Deputy in London has stated that they could not support a claim by any one of the Big Four to Individual Trusteeship over any of the Colonies.

C.—*Restoration to Italy.*

32. The return to Italy of her Colonies might help to make her a friendly and sound democratic Power in the Mediterranean. On the other hand her Empire was an economic liability to her and provided her with little outlet for emigration. Its loss would thus cause no serious injury to her economy and might in fact relieve her of a burden which, in her present financial position, she might be unable to bear. Moreover, the populations of all the colonies, whatever their differences, are united in their hostility to Italy and restoration of Italian rule in any form could only be enforced with great difficulty, perhaps only by force of arms. Finally, any effort to restore it by force would have most unfortunate results on our position in Egypt and the whole of the Middle East.

D.—*Independence or Union with natural motherland.*

33. The recognition of local independence is a question which must be discussed in its relation to each territory in turn. The only general consideration is that all the Colonies, even the Somalis, would wish to have their sovereignty recognised in theory even if they exercised no administrative powers in practice.

Principal Alternative Solution in Relation to each Colony.

34. I shall now examine in respect of each of the Italian Colonies the various alternatives which have been put forward bearing in mind :—

(*a*) their practicability;
(*b*) British interests;
(*c*) international implications;
(*d*) the wishes of the inhabitants;
(*e*) the United Kingdom Government's commitments.

Libya.

A.—*Collective Trusteeship.*

35. The factors which operate as regards Collective Trusteeship for Libya as proposed by the United States Government are generally those which have been considered above (paragraphs 27–29). There are in addition certain aspects which are peculiar to Italian North Africa. The principal *advantages* of Collective Trusteeship for this territory are :—

(*a*) that if the principle of eliminating Great Power politics is applied, Russia will be denied any large share in the control of the colony;
(*b*) that it does not close the door to any later settlement which may be necessary to provide for the interests of the Italian population and for a later possible division of territory into administrative units which would after a number of years be capable of independent Government.

36. In order to keep the door open to any later possible division of the territory, it might be possible to have an international administrator at the head with a deputy administrator for each territory beneath him who would be responsible for the administration of Cyrenaica and Tripolitania separately, while their superior would control such departments as currency and commerce in order to avoid any unnatural frontiers and difficulties of movement between these two Arab territories.

37. The main *objections* to Collective Trusteeship for Libya as a whole lie in the fact that while it would deny Russia any considerable share in the

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223718

administration, it would also deny it to the British Commonwealth and might render impossible the acquisition of such strategic facilities as we may consider essential.

B.—*Individual Trusteeship.*

38. British Trusteeship is open to the objections stated in paragraphs 30–31. Russian Trusteeship is inadmissible. Neither the United States nor France would accept sole responsibility. There is, however, the possibility of placing Cyrenaica under Egyptian or Arab League Trusteeship. Such a solution would facilitate the conclusion of a Treaty with Egypt in which we could extend the military facilities that we require in that country to Cyrenaica. On the other hand Egyptian Trusteeship would be extremely unpopular with the inhabitants and it is likely that the administrative ineptitude of the Egyptian Government would lead to conflict with the inhabitants similar to that which harassed the Italians for many years.

39. The Egyptians have shown themselves singularly incapable of administering any people outside their part of the Nile Valley. With the exception of a small group of Libyans who have been educated in Cairo, probably not exceeding a hundred in all, no one in Libya has suggested that they should come under Egyptian rule or trusteeship and the great majority treat such suggestions with derision. Moreover, Egyptian administration would only be practicable if it were supplemented by the employment of European and particularly British officials and it is doubtful whether the Egyptians would accept this condition. It is probable that Egyptians who were sent to administer Cyrenaica would consider their position either as exile or as a means of self-enrichment.

40. The Arab League is incapable at present of bearing the burden of trusteeship. Either solution would probably therefore lead to unrest in the area, which would disturb the stability of the Middle East on which depends the security of our position in the Eastern Mediterranean and the Red Sea.

C.—*Restoration to Italy.*

41. Although the Italians withdrew all their residents from Cyrenaica during the North African campaign, there are still a considerable number in Tripolitania (38,000) and these present a serious problem. The administration and economy of this western territory depends largely on the Italians and would suffer under Arab rule. Moreover, it would be invidious to place the Italians at the mercy of a race that bear them only ill will, and their status would have to be specially protected. There would seem, therefore, to be a strong case for some special form of administration for the coastal belt of Tripolitania. It may, in fact, be a suitable area for Collective Trusteeship, whatever régime is established in the rest of Libya. The coastal belt might, in theory, be restored to Italy under trusteeship, but trusteeship implies eventual independence, and it is questionable whether this small area of mixed population, in which the Italians are in the minority, would be practicable as a self-governing unit. Tripolitania, moreover, is more advanced than Cyrenaica, and if Cyrenaica should be given any form of autonomy or independence, as is discussed below, it would seem invidious to treat Tripolitania as a territory of lower development.

42. Since in any event trusteeship over the Tripolitanian coastal belt would be of comparatively short duration, Italy would hardly gain any lasting benefit from it, and, indeed, any development of purely Italian interests would be contrary to the spirit of the Charter. In order to give to Italy an area for emigration and colonial development it would seem necessary to go further and restore the coastal belt to her in full sovereignty. The outstanding objection to this course lies in the fact that the Italians would be outnumbered by over 15 to 1 by hostile Moslems who would constantly be spurred to revolt by the knowledge that their neighbours in the rest of Libya were enjoying at least comparative freedom.

43. The Tripolitanians, moreover, make no distinctions between Fascist or Democratic Italian Government, since the latter were responsible for the original invasion and campaign of conquest. The segregation of the Tripolitanian coastal

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C225719

belt from the rest of Libya would cut off the Arabs who have already been expropriated by the colonists from the best part of the territory, as well as from Tripoli which has been their capital for many centuries.

44. Moreover, to restore Italian control, including trusteeship by Italy, over any part of Libya would greatly prejudice our relations with Egypt and the Arab League and would provoke local protest and even revolt, and could only be prevented by use of force. As the present administering Power it would fall to us to provide this force, and it seems impossible for us to place ourselves in the position of having to re-establish Italian authority with British troops. (see paragraph 32).

D.—*Independence or Union with Natural Motherland.*

45. A further possible alternative would be to attach Tripolitania to Tunisia with which it has had long historical associations and close affinities. This could be achieved by uniting the two territories under trusteeship. French acceptance of this plan would be conditional at least on France exercising trusteeship. This in the first place would be open to the objections which have been discussed above, to trusteeship by any of the Four Major Powers. It would also be open to the objection that the Tripolitanians are hostile to the French and have been further embittered by the knowledge that the latter are in occupation of the Fezzan and have territorial ambitions in this area, as well as in the frontier areas. It is doubtful, moreover, whether France would accept trusteeship over Tripolitania even if it were offered to her.

46. An alternative which has been under discussion for some time is that the inhabitants of Libya should be enabled to choose their own form of government. There is little doubt that the Cyrenaicans and the tribal elements in Fezzan and Tripolitania would opt for independence under Sayyid Idris and would also almost certainly request British financial and technical assistance. The attitude of the Arabs in the Tripolitanian coastal belt is less certain. If they considered that the choice was trusteeship or independence under Sayyid Idris it is probable that they would prefer the second course.

47. It is necessary to examine how far the Libyans are capable of self-government. There is a close analogy with the Iraq of a quarter of a century ago. Like Libya to-day, Iraq was a backward Arab country that had just been liberated from foreign rule by British arms and consequently found itself under British Military Administration. Iraq achieved full self-government in twelve years. During that period the Iraqi State contracted with the United Kingdom that there should be a measure of British control over Iraqi affairs in certain departments. Iraq, therefore, enjoyed virtual independence, subject to certain limitations laid down in the Treaty of Alliance. The position was recognised in 1924 by the League of Nations. This resulted in a certain duality in Iraq's status. On the one hand she was a non-self-governing State placed under British mandate by the League of Nations. On the other, she was a self-governing State which had unified limited sovereignty by a treaty with a mandatory Power. It is probable that Libya could reach the position of Iraq in 1932 in an even shorter period than twelve years. It is certainly doubtful whether Libya is ripe for complete independence at the moment, but in comparison with Iraq in 1920 Libya has comparatively few handicaps. There is no division, for instance, between the Sunnite and Shiite religious sects, nor is there a Kurdish problem. In Sheikh Idris al Senussi Libya has to-day one political asset of the utmost value which Iraq lacked in 1920. Whereas Iraq possessed no native dynasty, and King Faisal, who was imported from outside had great difficulty in establishing himself, the Senussi Sayyids won their hold on the loyalty of Libyan tribesmen long ago. Moreover, Sheikh Idris is a man of ability and the Senussi succession is assured by certain near relatives who appear to be capable of following in his steps.

48. Arabs who have not assimilated European political ideas conceive the ideal State to be a monarchy in which the monarch consults the Council of Sheikhs, notables and religious dignatories. His representatives would govern the tribes and administrative districts with assistance from the Advisory Councils. It has also been a normal Arab practice for the monarch to have European advisers and technical officials. The Libyans are certainly not different from other Arabs in that they are capable of a form of self-government. Their religion and traditions convince them of this and Moslem law and their Arab customs provide the

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223720

machinery. There is thus already the necessary tribal organisation to administer the areas outside the towns. They are also capable of administering smaller towns, but they would need assistance in the administration of the cities, of which there are, in fact, only three (Benghazi, Tripoli, Misurata). Since the beginning of the war the Libyans have been trained in administration by the British Military Authorities. In both Tripolitania and Cyrenaica the Arabs are taking an increasing share in the work of the administration and are occupying positions of authority. There are, for instance, approximately 350 native officials in the districts and 100 in the towns of Benghazi, Derna and Barce, holding responsible positions, while a number of officials in out-stations carry considerable responsibility with immediate British supervision. A capable police force has been recruited which, except in one riot in Tripoli in November of last year, has shown itself adequate to deal with any normal trouble that might arise. It seems, therefore, that Libya is ready for a more advanced form of administration than the United States plan envisages.

49. On the other hand, there is no one in Libya capable of dealing without foreign assistance with the more general affairs of State, particularly foreign affairs, drafting of legislation, the higher branches of the judicial system, general aspects of finance and economics, and medicine, agriculture, public works, posts and telegraphs, &c. Libya, moreover, cannot raise sufficient revenue to support a reasonable administration for some years to come.

50. Libyan self-government is a possibility provided—

(*a*) there is continuity of British guidance at the top throughout the period of transition from the present Military Administration to a future independent State;

(*b*) the new State is given a subsidy sufficient to prevent its lapse into a discreditable primitive condition until such time as it can balance its budget.

51. If some form of independence is to be introduced, it would be desirable to consult the inhabitants on the choice of their titular head. If the matter were put to the vote, the method which is requested by the Libyans themselves, the majority of Tripolitanians as well as Cyrenaicans, would vote for Sheikh Idris, because it is the only means they can see of avoiding a return to Italian rule or trusteeship, a Russian trusteeship, or the Collective Trusteeship proposed by the United States. To all three solutions they are strongly opposed. Moreover, if Libya were divided it would be difficult to establish a satisfactory frontier since it would have to pass through a nomadic area. There is, moreover, little prospect of establishing a satisfactory independent State in Tripolitania within a number of years. Division would also lead to unhealthy rivalry between the two territories in attempts to obtain subsidies and assistance.

52. It would seem therefore advisable that, unless more important factors decree that either territory should be disposed of separately, Libya should be treated as a unit. This applies to whatever régime is introduced in Libya, for the desire of the inhabitants not to be divided is manifest, and they have strong common bonds. Moreover, the Arab League is strongly opposed to any division.

53. Although the position of Sheikh Idris as head of the State would probably be recognised without great difficulty, the Tripolitanians would resent any direct control by the Senussi and a degree of autonomy would be essential. Thus Sheikh Idris could exercise direct rule over the tribal elements of Cyrenaica and Fezzan through the existing tribal system. In the towns of Cyrenaica his powers would pass through the Arab councils instituted by the British Military Administration, while in the towns of Tripolitania there would have to be a remote control, and probably a special status for the Italian and Jewish colonies.

54. The degrees of independence which might be established are as follows :—

(*a*) Full independence as a sovereign State under Sheikh Idris—a country ready for membership of the United Nations. Since Libya is still less advanced than Iraq in 1932, it will be desirable that the United Kingdom should accept the offer of a treaty which would certainly be forthcoming from Sheikh Idris, by which in return for financial and technical assistance he would grant strategic facilities. Its status would be analogous with that of Iraq during the period 1920–22, except that Libya would not be placed under trusteeship (mandate).

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223721

(*b*) It might also be possible to consider Libya as a territory analogous to the class A mandates of the League of Nations, or, as the Covenant stated, "of a stage of development where its existence as an independent nation can be provisionally recognised, subject to the rendering of administrative advice and assistance by a mandatory until such time as it is able to stand alone." This form of independence comes closer to the American plan. It appears that the State Department envisage Libya being placed under some system similar to the class A mandates, with the mandatory powers being exercised by the Trusteeship Council and a certain degree of autonomy being granted to the Senussi.

55. This scheme (*b*), like that of collective trusteeship, is open to the objection that we might not be able to obtain any strategic facilities that we might require.

Italian Somaliland.

56. The objections to any proposal, such as the United States plan, to continue to treat Italian Somaliland as a unit are examined more fully in Annex A. There seems to me to be only one satisfactory solution to the Somali question and that is the unification of all the Somali tribes under one administration.

57. The attitude of the Somali inhabitants as a whole to such unification is not articulate but it is probable that they would welcome it. Provided Jigjiga is included in the proposal (it is now in the Reserved Area), the Somalis of the Ogaden and the Reserved Area would welcome inclusion in any administration which took them out of Ethiopian control. As the record of British rule in British Somaliland is not an altogether happy one, it is unlikely that the British Somalis would deplore our departure, though they might regard surrender of their status of British-protected persons as being a retrogade step. On the whole, however, the Somalis, while probably preferring continuation of the British Administration, would not object to an international one provided Italy was excluded.

58. Since the Somalis are a primitive people who will not be ripe for independence for some considerable time, whatever form of administration is set up must have an element of permanence. At the same time it need not be an elaborate system of government since military administration of the territories during recent years has proved that the best method is to interfere little in the life of the inhabitants. The principal requirements of this area are external financial support for economic development, and whoever exercises trusteeship will be carrying substantial financial burden.

A.—*Collective Trusteeship.*

59. The general considerations on Collective Trusteeship above (paras. 27–29) are pertinent since the administration would have to continue for a long period. This course appears to be the most promising way of achieving a United Somalia.

B.—*Individual Trusteeship.*

60. Trusteeship by any member of the British Commonwealth or by the United States would be open to the objections which have been discussed above (paras. 30–31). It is, moreover, most unlikely that the United States would assume this responsibility.

C.—*Restoration to Italy.*

61. The restoration of Italian rule, besides running counter to the deep feelings of the Somali inhabitants, might also lead to the situation which arose in 1935 when Italy showed that her development of Italian Somaliland was devoted primarily to fulfilment of her imperialist designs on Ethiopia. In view of Italy's fickleness as an Ally we might find a hostile Power occupying territory adjoining any future strategic reserve which we might build up in Kenya and becoming embroiled with us over the Suez Canal and Red Sea route.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223722

D.—*Independence or Union with Motherland.*

62. The possibility of making the Somali territories, or any one of them, independent must, for a number of years, be ruled out as impossible.

63. Another solution is presented by the claim which the Emperor of Ethiopia has made to Italian Somaliland. This is objectionable on a number of grounds. It would be most unpopular with the Moslem inhabitants and it would condemn them to indefinite backwardness and probably oppression and misrule. The only basis for this claim is Ethiopia's need for an outlet to the sea, and this can be met much more satisfactorily in Eritrea.

64. In any decision on the future of the Somali territories we must bear in mind our commitment to the British tribes, and it will be imperative, if a decision is taken to transfer them from British protection to any other form of administration, to consult them on their future.

65. It may be desirable to maintain certain British strategic facilities in this area, and if Collective Trusteeship should be introduced in a unified Somalia we might be able to secure these by agreement with the United Nations in return for our offer to part with British-protected territory. If, on the other hand, it is not necessary to secure these facilities it may be sufficient merely to ensure that the whole area is demilitarised.

66. Another factor which may have to be taken into consideration in the future of the Somali territories, and particularly British Somaliland, is the prospect of striking oil. At the moment, however, it has no concrete significance. Prospecting in British Somaliland has established that the colony has oil reserves of some importance, but for about five years it will probably be impossible to determine their capacity. At the moment it appears that this capacity is not great and even when developed would probably not exceed that of Egypt. It is doubtful whether it is of sufficient importance to modify the suggestion that the future of the Somali territories lies best in their unification. It is probable, moreover, that in return for our gesture of renouncing our protection over British Somaliland, we could safeguard any British oil concessions or prospecting rights in this area.

Eritrea.

67. The American proposals would place Eritrea under Collective Trusteeship for a number of years and thus retain the present frontiers under one administration. As Eritrea had never existed as a political entity until the Italians created it at the end of the last century, and it is ethnically disunited and economically non-viable, there is no good reason for preserving it as an administrative unit under any form of administration, whether under Individual Trusteeship or restored Italian rule. The right solution would seem to be to dismember it along its natural lines of cleavage. Since there is no prospect, or indeed desirability, of a recreated Kingdom of Tigrai, the best course might be to meet the wishes of the Christian Unionists of Eritrea who desire incorporation in Ethiopia. This transfer would give Ethiopia the highlands in the centre of the Colony. Although the Danakil inhabitants of the southern coastal areas are neither Christian nor sympathetic to Ethiopia, it is difficult to see what alternative there is to the course of giving them also to Ethiopia which would unite them with a large number of Danakils in the Aussa province. They are hardly numerous enough to be considered as a possible future independent entity and therefore are not a suitable subject for trusteeship. To incorporate both the Coptic Christian highlands of Tigrinyan Eritrea and the Danakil lowlands to the south would give Ethiopia access to the Red Sea and at least one port in Assab.

68. There are, however, alternatives to Ethiopian annexation of the district around Massawa which is mainly inhabited by Moslems. It is probable that the Emperor, in claiming a port on the Red Sea before he expanded his claim to cover the whole of Eritrea, had Massawa rather than Assab in mind. It is very doubtful whether his acceptance of the United Somalia plan would be granted unless he was given at least Massawa in addition to the Christian and Danakil areas mentioned above. It has also been proposed that Massawa should be a United Nations security base operated either by the United Nations as a whole through the Security Council or by the United States (paragraph 16). The objections to the former are probably that this would give Russia a direct interest and control at an essential point in the Red Sea. It is questionable whether the

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223723

Americans would wish to establish themselves in Massawa though it may well be desirable to associate them in this line of communication. If it is considered that the British Commonwealth require exclusive strategic facilities in Massawa, it is possible that we might secure them by giving the Emperor an undertaking to support his claim to the port provided he offered us such facilities there as we might require. It is, however, doubtful whether we can achieve the United Somalia project unless we offer the Emperor sufficient inducement to part with the Ogaden and Reserved Area. It may therefore even be necessary to be in a position to offer him the whole of Eritrea without any limitations on his sovereignty, including the Moslem areas in the North and North-West.

69. There are two principal alternatives for these North-Western areas :—

(i) incorporation in Ethiopia, which would run counter to the wishes of the inhabitants. It would also probably burden the Government of the Sudan with an extremely troublesome frontier dividing the Sudanese Beni Amer from the Eritrean Beni Amer with consequent border disturbances;

(ii) transference of these North-Western areas to the Sudan to which they naturally belong.

The main objection to this second course is that it lays the British Commonwealth open once more to the charge of painting more red on the map and if we feel it necessary to call on the other Big Powers to renounce their claims to the Italian Colonies we shall have to make a similar renunciation ourselves and apply it to any government in which we play a major part.

70. Eritrea is in many ways at a higher stage of development than Ethiopia. Its inhabitants are on the whole more progressive and Italy achieved there a great measure of economic development. In order to prevent Eritrea relapsing it might be better to award it to the Emperor with the stipulation that he must give certain guarantees to the United Nations. On the other hand, to insist on such reservations might make it impossible to conclude an agreement with the Emperor which would satisfy our requirements in the Somali territories.

Conclusion.

71. I have an open mind as to the best course. I am, however, satisfied that we can hammer out a policy which we can all advance without fear. Although the problem is very difficult, there are four encouraging factors of fundamental importance. In the first place, we are occupying the territories under discussion and no settlement can be arrived at, to which we object. Secondly, our administration is popular in all the territories, and the views and needs of the inhabitants coincide very closely with our own. Indeed, they would almost certainly accept any settlement which we proposed, provided it was based on the principles underlying this paper. Thirdly, we have the goodwill of the United States, although this would almost certainly not extend to any purely British settlement. Finally, the interests of the Arab League and our own are very close, and a solution acceptable to the League would immeasurably strengthen our position in the Middle East.

E. B.

Foreign Office, S.W.1,
24th April, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223724

ANNEX A.

Background.

1. The former Italian Colonies have few features in common. The two principal ones are their poverty and the attitude of the inhabitants to their former rulers. In spite of an energetic colonial policy, it was only possible for the Italians to run their colonies at an economic loss. Their colonies indeed were developed not so much for economic reasons as for strategic. Although the inhabitants of each of the territories are dissimilar and in Eritrea far from homogeneous, they all nevertheless share hostility to Italian rule, which varies from bitter hatred to intense reluctance to be restored to it.

2. There are certain features in each territory which deserve separate consideration.

Libya.

3. The Italian possessions in North Africa, collectively termed "Libya," comprise three principal separate regions which are separated from each other by inhospitable and thinly populated desert, namely Cyrenaica, Triolitania and Fezzan. In the first two of these are relatively small areas of cultivable land on the Mediterranean coast and in the third a group of oases deep in the hinterland. Historically Tripolitania has been associated with Tunisia, and Cyrenaica with Egypt. Of the present population of just over one million, the vast majority are Arab or arabicised Berbers. The total Italian and Jewish populations of Libya are 38,000 and 31,000 respectively. The Italians are confined exclusively, and Jews mostly, to Tripolitania, and the greater part of the Moslem population is settled in the cultivable areas on the coast and in the oases. The whole territory is poor in economic resources, depending almost entirely on agriculture and fisheries. Its small population and scanty resources would condemn it to increasing poverty and backwardness unless its needs were met by outside support.

4. More than half of the thirty years of Italian occupation were spent in bitter warfare against the tribesmen and particularly against the Senussi, and this has intensified the hatred of the inhabitants for their former rulers. The entire Moslem population is strongly opposed to a restoration of Italian rule in any form, but there is, however, a divergence of views on the form of government which the inhabitants would prefer. The Moslems of Cyrenaica are welded together in allegiance to the Senussi religious fraternity, which is the only existing native political force in Libya. What Sayyid Muhammad Idris and his Senussi followers are aiming at in Libya has actually been achieved in Arabia by Ibn Saud and his Wahhabi followers. The strength of the Senussi movement was illustrated by the tenacity of its resistance to Italian conquest between 1911 and 1931 in Cyrenaica and Fezzan in contrast to the disunity displayed by the less primitive agricultural and urban population of Tripolitania.

5. Sheikh Idris not only commands the allegiance of the vast majority of the Moslem population of Cyrenaica and Fezzan but also of a number of tribes in Tripolitania. Certain Tripolitanian leaders have invited him to become ruler of all Libya, but it appears that they favour this solution not so much for itself as one preferable to other threatened alternatives which, in the eyes of the Tripolitanians, would seem incompatible with native self-government, for example, the possibility that France may retain possession of Fezzan which she is at present administering.

6. The Cyrenaicans appear to be solidly and consistently in favour of independence under the rule of Sheikh Idris with British support. In this they see eye to eye with the sheikh himself whose desire for British support is explicit and emphatic. In Tripolitania, apart from the movement which invited Sheikh Idris to become ruler, there are two principal currents. One runs in favour of British trusteeship, or perhaps of Tripolitanian independence fortified by British political, financial and technical assistance; the other is openly hostile to the Senussi and favours trusteeship by Egypt or the Arab League. This is, however, confined to Libyans resident in Egypt and to Egyptians of Libyan extraction.

Italian Somaliland.

7. The future of Italian Somaliland (1,200,000 inhabitants of whom 5,000 are Italian) cannot be satisfactorily considered separately from the future of the whole Somali area—"the Horn of Africa." This area, comprising all that

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223725

lies east of a rough line drawn rrom the southern end of the Red Sea to the mouth of the Juba River, is inhabited by the single race of nomadic people, the Somalis, who speak dialects of a common language, have the same customs, religion and form of tribal organisation and are at approximately the same stage of economic and cultural development. This territory is at present divided between Italian Somaliland, Ethiopia and British Somaliland. The landward frontier of the latter separates the inhabitants from the grazing areas essential to their livelihood. These grazing areas are contained in the Ogaden and Reserved Area which fill the angle between British and Italian Somaliland, and which, until 1935, formed part of Ethiopia. Most of the frontier between the latter and Italian Somaliland has never been demarcated. Since the defeat of the Italians in East Africa in 1941 all four of the above areas have been under British military administration. The inclusion of the Ogaden and the Reserved Area was negotiated in the Anglo-Egyptian Agreement of 1944, which terminates in March 1947.

8. The great majority of the inhabitants of French Somaliland are not, in fact, Somalis and economically this colony is connected with Jibuti and not with the Somali territories described above.

9. There is a clear case for the rationalisation of existing political frontiers and for the union of all these Somali-inhabited territories (*i.e.*, British and Italian Somaliland, Ogaden and Reserved Area) into one country under one administration. In this alone lies the area's only hope of progress.

10. The whole area is extremely poor and both British and Italian Somaliland have only been administered at a loss. By unifying the whole area it may be possible, in a number of years, to reach a position where a modest administration can just pay its way, though external assistance would be needed at the outset.

11. The views of the Somali inhabitants have taken no positive direction. The inhabitants of the Ogaden would resist by force any attempt to restore them to Ethiopian control, and there would be similar bitter opposition from the Italian Somalis if Italian rule were restored.

12. All the facts mentioned above argue strongly in favour of the unification of these three territories. The inclusion of the Ogaden and the Reserved Area is essential since without it the frontiers of the United Somalia would be long and unmanageable and communications would be most difficult. Moreover, the British tribes would remain deprived of their essential grazing grounds and the difficulties of administration would remain unsolved. It is, however, only possible to create a United Somalia with the assent of the Emperor of Ethiopia, and in considering the whole problem of the Italian East African Colonies the position of Ethiopia is fundamental.

Eritrea.

13. The problem of Eritrea presents three principal similarities to that of the Somali territories. In the first place it is closely connected with the position of Ethiopia and, in the second, the political frontiers of Eritrea run counter to history, geography, economics, religion, race and language. There is as clear a case for the rationalisation of the political geography of this territory as there is for the Somalilands. Thirdly, both the Somali territories and Eritrea have never been in a position to meet their expenses from local revenues and have depended on outside assistance.

14. The present population of Eritrea is about 800,000, of which 37,000 are Italians (confined almost entirely to the Asmara district). The natives fall into three main divisions: Tigrinyans, Beni Amer and Danakils.

15. The Ethiopian province of Tigrai, which was the nucleus of the ancient Kingdom of Ethiopia and, until the usurpation of the Shoan dynasty, provided the rulers of that Empire, is divided in two by the 1935 Eritrean-Ethiopian frontier. There are thus 3,000 or 4,000 Tigrinya-speaking people in the mountains of Eritrea who are closely akin to the ruling class of Ethiopia. The frontier between the Sudan and Eritrea divides the nomad Beni Amer into two sections, although their affinity is such that the chiefs of each part are drawn from the same family. The Danakils are divided between the Red Sea plains of Eritrea, French Somaliland and the Ethiopian hinterland. The pre-eminence of the Sultan of Aussa in Ethiopia is recognised by the Danakils in

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223726

all of the three territories. The Tigrinyans are Coptic Christians, and the Beni Amers and the Danakils are Moslem. There are thus three main divisions of Eritrea, two Moslem sections separated by a Christian.

16. Although the inhabitants of Eritrea are politically backward and inarticulate compared with the population of Italian North Africa, they have expressed their wishes in simple and clear terms. The Moslems, whatever their district, class, occupation or political development, are united in objecting to Coptic Christian rule whether it should be exercised by the Christian Eritreans, a reconstituted Kingdom of Tigrai or by the Emperor of Ethiopia. The Moslems of the North, including the districts of Keren, Agordat, Massawa and the Dahlak islands have through their chiefs petitioned for independence under United Nations trusteeship exercised by the United Kingdom for from ten to fifteen years, in view of the knowledge and understanding of Eritrea's problems that British administration has acquired during its existence. The Moslems of this northern area would presumably be satisfied by incorporation in the Sudan since these territories lie close to and have close affinity with the tribes west of the Sudanese frontier. The Danakils of Eritrea join to some extent in the wish for United Kingdom trusteeship and in opposition to Christian rule, although they have shown no objection to union in Ethiopia with their Aussa brethren.

17. The Tigrinyans in the central Eritrean mountains are divided into "separatists" and "unionists." The present relative strengths of these two Christian parties are not easy to estimate. The Separatists join with the Eritrean Moslems in reluctance to come under the Shoan dynasty of Ethiopia, though they have a traditional yearning for union with their Tigrinian neighbours in Ethiopia within a restored Kingdom of Tigrai. The Unionists, centred principally in Asmara, support incorporation in Ethiopia.

ANNEX B.

Italian Colonies.

Notes on I, Finance; II, Population.

I.—Finance.

There are no figures available showing the revenue and expenditure of each colony separately under Italian Government. Total expenditure on all the colonies together amounted to 7,356,959,000 lire (£118,660,629 at 62 lire to £) for the financial year 1939–40. The figures for 1943–45 are taken from the Report of the Military Administration of the Italian Colonies from 1944 to the Present Time (War Office, March 1946). The Budget represented by these figures is, of course, on the care and maintenance basis on which the colonies are being administered under British Military Government. Import and export figures for 1934 are available for Tripolitania, Cyrenaica and Eritrea, and for 1936 for Somalia.

(1) *Tripolitania.*

	1934.	*1st July, 1943–30th June, 1944.*	*1st July, 1944–31st March, 1945.*
	Lire.	£	£
Imports	161,943,000	2,075,000	1,480,000
Exports	30,089,000	239,000	1,076,000
Adverse Balance	131,854,000 = £2,126,693 at 62 lire to £.	1,836,000	404,000
Revenue		2,350,437	2,512,143
Expenditure		2,726,915	2,655,949
Deficit		376,478	143,806

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223727

(2) *Cyrenaica.*

	1934.	*1st July, 1943–30th June, 1944.*	*1st July, 1944–31st March, 1945.*
	Lire.	£	£
Imports	127,816,000	815,000	814,000
Exports	17,142,000	110,000	428,000
Adverse Balance	110,674,000 = £1,785,064 at 62 lire to £.	705,000	386,000
Revenue		816,177	857,473
Expenditure		1,174,442	1,042,158
Deficit		358,265	184,685

(3) *Eritrea.*

	1934.	*1st July, 1943–30th June, 1944.*	*1st July, 1934–31st March, 1945.*
	Lire.	£	£
Imports	215,817,000	3,380,000	2,227,000
Exports	73,092,000	1,421,000	1,448,000
Adverse Balance	142,725,000 = £2,302,000 at 62 lire to £	1,959,000	779,000
Revenue		2,201,090	1,577,294
Expenditure		2,129,684	1,554,956
Surplus		71,406	22,338

(4) *Somalia.*

	1936.	*1st July, 1943–30th June, 1944.*	*1st July, 1944–31st March, 1945.*
	Lire.	£	£
Imports	522,279,000	793,000	594,000
Exports	19,658,000	197,000	184,000
Adverse Balance	502,621,000 = £8,106,790 at 62 lire to £	596,000	410,000
Revenue		532,842	475,951
Expenditure		1,116,569	934,907
Deficit		583,727	458,956

II.—Population.

The Italian figures for Tripolitania, Cyrenaica and the Libyan Desert are those of the 1936 census, the recent figures are from the Report of British Military Administration of March 1946. The Italian figures for Eritrea and Somalia are those of the 1931 census, the last census taken before the incorporation of these colonies in Africa Orientale. The recent figures for Eritrea are from the Report

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223728

of the British Military Administration of July 1943, those for Somalia from the Report of March 1946.

(1) *Tripolitania.*

	1936 Census.	*1946 Report.*
Arab and Berber Moslems	541,127	690,000
Jews	24,101	26,000
Italians	43,181	38,000

(2) *Cyrenaica.*

Arab and Berber Moslems (mostly Senussi)	133,203	254,000
Jews	4,182	5,000
Italians	23,106	—

(3) *Libyan Desert, including Kufra.*

Moslems	48,149	No information.
Jews	16	

(4) *Eritrea.*

	1931 Census.	*1943 Report.*
Native Population—		
Tigrinia-speaking Coptic Christians	289,994	380,000
Beia, Belein, Tigre and Arabic-speaking Moslems (Massawa inclusive)	205,671	264,000
Saho, Dankali-speaking Moslems ...	62,849	71,500
Others...	37,499	53,000
	596,013	768,500
Italians	4,560	37,000 (War Office Report, March 1946)

(5) *Somalia.*

	1931 Census.	*1946 Report.*
Native Population of Moslem Somalis	1,019,904	1,200,000

The report speaks of the presence in addition of "a few pockets of negroes and Gallas." The Italian Census gives 63,588 negroes and 33,502 other races.

Italians	1,668	5,000

18*th April*, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

W.L.M. KING PAPERS
MG 26 J4

PAGES C.223729 to C.223734. have been removed from circulation at the request of the Department of External Affairs.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PMC 46

OFFICE OF THE PRIME MINISTER

MEMORANDUM C223735

Prime Minister:

Re: Meeting of Prime Ministers, London

I have as you requested made a précis of the several messages exchanged since last February regarding the timing and arrangements of the proposed meeting.

I would direct your attention especially to paragraphs 2, 17, 20 and 22.

I am preparing a separate précis on the subjects for discussion which have been mentioned from time to time.

J.A.G.

April 25, 1946

handed to Apr/28

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Precis of despatches
on this obj. C223736

Glad to know it this
meeting was going to be
held

Glad it had been
arranged it had worked out

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

W.L.M. KING PAPERS
MG 26 J4

PAGES C223737 to C223742 have been removed from circulation at the request of the Department of External Affairs.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223743

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

Printed for the Cabinet. April 1946.

The circulation of this paper has been strictly limited. It is issued for the personal use of Mr. Mackenzie King

TOP SECRET Copy No. 51

P.M.M. (46) 13.
25th April, 1946.

MEETING OF PRIME MINISTERS.

THE RUHR AND THE WESTERN FRONTIER OF GERMANY.

MEMORANDUM BY THE SECRETARY OF STATE FOR FOREIGN AFFAIRS.

IT is probable that the question of the Ruhr and Germany's western frontier will be discussed, if only informally, at the meeting of Foreign Ministers now about to take place in Paris. Much thought has been given by His Majesty's Government in the United Kingdom to this problem, and three memoranda are attached to this paper which the Cabinet has recently considered on the subject. It is simplest to consider the matter under four separate heads, relating respectively to the Ruhr, the Rhineland, the Saar and an American proposal for a treaty on German disarmament.

The Ruhr.

2. The problem here is to reconcile the justified demand for security with the need to retain this key industrial area for the benefit of European reconstruction. In the past the Ruhr has provided the tools for repeated German aggressions, and there is no disagreement but that adequate safeguards must be provided against this happening again. The French proposals for this purpose are simple but severe. They are that the Ruhr should be detached from Germany altogether and constituted into an international State, the industries being taken over by international consortiums. The United Kingdom Government have, however, decided that there are two insuperable objections to the political separation of the area. It would be economically disastrous, and it would be likely to create an irredentist movement in Germany of unmanageable proportions. They have, accordingly, been seeking an alternative solution which, while avoiding these dangers, would meet France's legitimate anxieties. This, it is felt, could be achieved by keeping a firm control over the Ruhr industries while leaving the territory itself as part of Germany. Two methods of controlling the industries have been considered. Under the first they would be placed under international ownership. An international holding corporation would be formed on which each of the directly interested Powers would be represented, and this would control the German operating companies. Under the second method, the industries, instead of being internationally owned, would be made into a socialised German corporation responsible to the Government of a German province which would be formed for the area. Germany's obligations in regard to the transferred industries would be laid down in the peace treaties and an international control organisation would be formed to supervise the performance of these obligations. Under either of these methods it should prove easier than under the French proposal to reconstitute the industries after the reparation plan has been completed, so that their products may serve the peaceful economy of Europe.

3. As between the two methods suggested, there are clearly advantages and disadvantages in both and no firm decision has been taken by the United Kingdom Government in advance of discussion with the Dominions Ministers and the Governments of the foreign countries concerned. One immediate step, however,

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

can and should be taken, and that is to establish a new German province in the Ruhr.

4. A further point of importance is whether the Soviet Government should be invited to participate in the proposed international control. On the face of it there seem strong grounds for offering to the Russians in western Germany no greater facilities than they may be prepared to give to the western Powers in eastern Germany.

The Rhineland.

5. The French Government have proposed that the German territory west of the Rhine should be separated from Germany and constituted into one or several independent States which would be almost entirely self-governing, except that they would be subject to permanent occupation by Allied troops. There are economic and military objections to detaching this area politically from Germany, and His Majesty's Government in the United Kingdom propose to resist this part of the proposal. On the other hand, they see no reason to object to the stationing of French, Belgian and Dutch forces in the area for an indefinite period.

The Saar.

6. The French Government have asked that the ownership of the Saar mines should be transferred to France, the territory included in the French customs and currency system, French military forces stationed permanently in the territory, and the territory itself transferred to French administration pending a final settlement. It is proposed to agree to these proposals, with the reservation that the assets so transferred should be debited to France on reparation account.

The American treaty.

7. The Americans have proposed a draft treaty on the disarmament and demobilization of Germany (Annex C to Appendix I, p. 40). At this stage it is highly confidential. By the terms of it the United States, United Kingdom, Soviet and French Governments would bind themselves to ensure the complete disarmament of Germany and to maintain it by a system of inspection and, if necessary, military measures. Certain points in this proposal require further clarification, but in principle it seems warmly to be welcomed.

E. B.

Foreign Office, S.W. 1,
24*th April*, 1946.

APPENDIX I.

[**Gen. 121/1.**
11*th March*, 1946.]

THE FUTURE OF GERMANY AND THE RUHR.

Conclusions.

I must lay before my colleagues a number of problems which raise far-reaching issues. The answers are not easy and yet they must be found. They cannot be delayed indefinitely. The French Government are pressing for an early reply to their proposals regarding the Ruhr and the Rhineland, and they have now suggested a Four-Power Conference to consider them. They have also asked for a more immediate decision on the Saar. I myself favour early discussions between the Four Governments concerned, not only on the French proposals, but on the future of Germany as a whole, its level of industry, and its control, and, finally, on the United States proposal for a Four-Power Treaty to ensure disarmament.

2. I, therefore, ask my colleagues' views as to the line I should take in any forthcoming discussions with the French, United States and Soviet Governments. To facilitate consideration and decision I have formulated the following propositions which cover, I think, the various questions involved.

(1) As regards the Ruhr, is it in British and general interests that this area of natural industrial wealth should be economically sound and become a positive element in European reconstruction?

(2) If so, how best can the necessary conditions be achieved, *e.g.*:—

(*a*) by keeping industry under British control so long as our occupation of the British zone lasts, and then handing it over to the German Government with or without safeguards;

(*b*) by placing the Ruhr industry under international ownership and control, while returning eventually the territory to the German State;

(*c*) by placing the Ruhr industry under international ownership and control, and at the same time detaching the territory from Germany and setting it up as an independent State under international control.

(3) As regards 2 (*a*) what are the prospects of our being able to continue for any length of time the military occupation of our zone and the feeding of the German population? If the prospects are bad, is the solution to work for the early creation of a German Government to whom the whole of Germany, including the Ruhr, should be handed over?

(4) Again if it is decided to leave the Ruhr inside Germany and under German administration, can we expect to get from the United States and Soviet Governments agreement to a higher level of industry than that thought safe for Germany as a whole, *i.e.*, modify the Potsdam decision? Can we hope to get agreement for a positive policy for a German Ruhr and not merely for one of negation and prevention?

(5) As regards 2 (*b*), could the Ruhr industry be run efficiently under international ownership and control if it remained within territory governed by the German State? What account must be taken of the probability of a Communist and Soviet-controlled German Government in Berlin? Would this increase the risks of leaving the Ruhr industry inside the German State, even though it might increase the likelihood of the Soviet Government agreeing to the area enjoying easier economic conditions?

(6) As regards 2 (*c*), supposing we decided that our requirements would only be met by removing the territory of the Ruhr from Germany, would an international administration prove workable? Could we be sure that it would not involve, in the long run, worse economic and political consequences, either to ourselves or to the Germans, than continuation of the present conditions by which we remain solely responsible for the British zone while we remain in occupation?

(7) As regards the Saar, should we support the French demand that the mines be restored to French ownership and the area itself included in the French customs union, whatever decision is ultimately reached as regards the Ruhr or Rhineland? This would strengthen French economy and increase their sense of security.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

(8) Should we support the French proposal to turn all German territory west of the Rhine into one or more separate independent States? If the Ruhr were separated and internationalised, the case for separating the left bank of the Rhine would be strengthened. Should we in any case object to the maintenance of French, Belgian, Luxembourg and Dutch garrisons in this area indefinitely?

(9) Should we welcome Mr. Byrnes' proposal for a Four-Power Treaty for the disarmament of Germany which would provide, after the termination of Allied occupation, a system of quadrupartite inspection? Should we stipulate that it did not preclude continued occupation for an indefinite period of certain key areas of Germany by the Four Powers concerned and that it took account of the eventual agreement in regard to the Ruhr?

I.—Position in Eastern Europe.

At the Potsdam Conference it was agreed that pending the final delimitation of Poland's western frontier at the peace conference, the former German territories east of the Oder–Western Neisse line should be placed under the administration of the Polish State and removed from the Russian zone. This transferred area would include Danzig but exclude the Königsberg area which was to be placed under Soviet administration.

2. It was also agreed that the German populations remaining in Poland, Czechoslovakia and Hungary should be transferred to Germany in accordance with a plan to be prepared by the Control Council. In November the Control Council approved a plan, providing for the transfer to be completed by the end of July 1946. Though this date is likely to be postponed and though some of the Germans in question, particularly in Czechoslovakia, may be allowed to remain in their countries of origin, nevertheless by the end of this year the bulk of the German populations in Poland, Czechoslovakia and Hungary will probably have been expelled and distributed among the various zones of Germany. The Yugoslav Government have also asked for the expulsion of such of their German population as still remain in Yugoslavia.

3. Though it was laid down at Potsdam that the final delimitation of Poland's western frontier should await the peace settlement, it has been generally taken for granted that no change in the Potsdam line will be made in Germany's favour. But the Potsdam decision places Russia in a very strong position. The Poles will never be able to dispense with Russian protection in order to hold their newly acquired lands. At the same time the Soviet Government will always have a means of enticing the Germans into their camp by offering to return some of the lost territory.

4. The economic difficulties in Germany are clearly increased by these Potsdam decisions. Not only has she lost a great part of her best food producing land, but she has to receive into the reduced territory a vast number of penniless immigrants. The position is aggravated by the failure to carry out the Potsdam decision to treat Germany as a single economic unit. The Russian zone is, in fact, a walled-off area, economically as well as politically, and has suffered both by the wholesale stripping of its industrial and agricultural wealth and by the uneconomic redistribution of land and by the fact that the Russian Army of Occupation has been living off the land. Where factories have been left they are believed to be working largely on Russian orders.

5. Politically, the Russian zone in Germany (population about 18½ million) is being organised along the model applied in other territories under Soviet domination. All preparations are being made for a single United Workers Party which will be rigidly controlled from the top and will amalgamate the old Social Democrat and Communist Parties. The men in effective, if not nominal, charge will be Communists trained in Russia. The trade unions are similarly being organised in the approved Russian manner.

6. The aim of these manœuvres seems to be to include the eastern half of Germany in a solid block of Soviet-controlled territories stretching from Lübeck to Trieste. Finland, Poland, Hungary, Roumania, Yugoslavia, Bulgaria and Albania are either in the bag already, or very nearly so. The prospect of Czechoslovakia holding out is not too hopeful. In Austria the issue is as yet undecided, but the Russians, of course, occupy the eastern part and, as in Germany, the capital is an international island in the Soviet-occupied provinces. Greece

would fall into line if the E.A.M. ever got control there. Turkey is being subjected to a war of nerves designed to force her into the Soviet orbit. The Scandinavian countries are also showing signs of nervousness in regard to Soviet Russia.

7. The Soviet Government have now stated their intention to prepare a 5-year economic plan for the territories within their sphere of responsibility. The purpose of such a plan will no doubt be to harness the resources of the whole area, including presumably the Russian zone of Germany, for the benefit of Russian rehabilitation and one of its likely consequences will be to seal off this area even more completely than at present. Russian trade will no doubt largely fill the gap left by German trade in the Eastern European countries. Nor are the aims of the Soviet Government confined to the actual territories mentioned. They are closely interested also in physically controlling the sea routes, viz., the Straits on the one side and the Baltic on the other. It can have been no coincidence that the Poles recently asked for a permanent coaling station and free port at Sassnitz in the island of Rugen. Nor has Bornholm yet been evacuated.

II.—Western Germany.

(See Map 1.)

8. Western Germany is divided into British, French and American zones of occupation.

9. Politically, our policy is to build up a British form of democracy slowly from the bottom. We have been at pains to lay the foundations solidly, with the result that not even the lowest level of elections will be held in our zone before the summer. But nominated councils have now been set up and are functioning. It is our aim to transfer responsibility to the Germans as fast as is thought practicable. The Americans have gone ahead with far greater speed. Local elections have already taken place and State Governments have been set up. There is reason to think that the process has been put through too quickly in the interests of the American demobilisation programme and that the foundations are likely to be shaky. Not much information comes out of the French zone, but little seems to have been done so far in the political field.

10. The strongest political parties are the Social Democrats and the Christian Democratic Union, and both are showing signs of vitality. The Christian Democrats are largely, but not entirely, a survival of the old Catholic Centre Party. The Social Democrats in Western Germany strongly oppose any idea of fusion with the Communists. The Communists for their part are a small but vigorous and well-organised minority, their strongest influence being in the Ruhr and Hamburg. They are in close touch with the Communists in Berlin and through them with the Russians. They had little success in the elections in the American zone and would be unlikely at present to win many seats in ours. As in the Russian zone, they are now openly enlisting Nazis into their ranks and beating the nationalist drum on the theme of United Germany and no annexations in the West.

11. Economically the British zone is badly placed. Even in peace time it is not self-supporting in foodstuffs. To-day its normal source of supply in Eastern Germany has been destroyed as a result of the Russian military occupation and Soviet policy. It contains the most badly damaged industrial areas and its population is swollen by immigrants from the East and now numbers some 21 millions. A further 1½ million immigrants from the East are still to come. We therefore have a very serious liability. Imports into the zone to keep the population barely above starvation level are expected to amount to at least £100 million sterling in 1946, of which we only expect to recover half in exports. The American zone (population about 16 million) is less industrialised, but it, too, is not self-supporting in foodstuffs and is also carrying a swollen population. The French zone (population about 6 million) is at the moment the worst off of the three as, unlike ourselves and the Americans, the French live to a great extent off the country.

III.—Future of the Ruhr.

12. With this picture before us it is clear how much importance attaches to the future of the Ruhr. The natural resources of the Ruhr cannot be destroyed. Its highly skilled population must be able to live. Yet its output must be

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

rendered innocuous. My own approach to the problem was to try to make the Ruhr safe for Europe by transferring its industries to a Public Utility Corporation controlled by an international consortium. I wished to ensure that this area should not longer produce war material but should supply the whole of Europe with much-needed peace-time commodities, output being rationalised and integrated with corresponding industries in the participating countries. I proposed, therefore, to transfer the ownership of the essential industries to an international corporation, the shares of which would be held not by private individuals but by Governments. I also wished the Ruhr to concentrate on semi-finished products, the finishing industries being located elsewhere in Europe. In order to secure Russia's agreement to the plan I proposed to associate her with it from the outset.

The E.I.P.S. Plan.

13. I therefore directed E.I.P.S. to work out a plan on these lines, the area in question to be governed as part of Germany but to be occupied by an international force for an indefinite period.

14. The plan prepared by E.I.P.S. is at Annex A. Broadly, it provides for economic control being exercised through ownership or part ownership of a selected group of industrial companies. It assumes fulfilment of the Potsdam Reparation Plan, the occupation of the whole of Germany for at least five more years, and for indefinite occupation by an international force of the area where the principal industrial concerns in question lie. It also provides for Soviet participation in the control. The area proposed is the Northern part of the Rhineland province and the Southern part of Westphalia. In certain circumstances in order to round off control it contemplates acquisition of industrial concerns situated outside the area.

15. The industrial concerns are the principal coal and steel complexes, including the Hermann Göring Steel Works at Salzgitter (outside the area), as well as the principal chemical, engineering and public utility enterprises. Ownership of the concerns would be transferred to an International Holding Corporation, voting control of which would be retained by the participating Powers. Profits, however, would be made available to the German people, either through a new local authority covering the area, or to the provincial governments of the Rhineland and Westphalia or, if desired, to a central German Government. These profits could be used to buy imports for Germany and, in so far as they allowed, to meet the costs of occupation and reparations payments. The Corporation would be directed by a Council of representatives of each participating Power who would report direct to their Governments and would have votes equivalent to the shareholding of their Government, decisions being taken by a 51 per cent. vote. In addition, industrial councils would be set up for each main industry, together with committees on general finance, employment and trade. Below these would come German managements of the operating companies.

16. After termination of total occupation and winding up of the Control Commission in Berlin, the powers of the Corporation would be defined in a charter from the German Government which would be the subject of agreement with the participating Powers. The Corporation would possess no additional powers such as the right of veto over legislation or of compelling the German Government to pass new laws, but any breach of the charter would constitute a breach between the German Government and the participating Powers entitling the latter to impose sanctions. The sanctions proposed would be temporary assumption of government in the area, and the use of the occupying forces to reinforce the Corporation's authority, if necessary by cutting off coal and steel deliveries to the rest of Germany. The plan suggests the Security Council of the U.N.O. be made a Court of Appeal for the German Government, but to counter undue delay a provision is proposed whereby a 75 per cent. vote of the Council of the Corporation would constitute automatic authority for the Commander-in-Chief of the occupying forces to take action in advance of any such appeal.

17. To make the plan more palatable to the Germans it is proposed that control should be terminated at the end of a stated period of 50 years, subject to the Security Council, the possibility of Germany receiving a share in the voting rights before then being also held out. The products of the area would pass freely throughout Germany and the participating Powers would grant them most-favoured-nation rights. The plan envisages the danger in time of world

slump of the participating Powers seeking to export their unemployment to the Ruhr. It therefore contemplates inter-governmental arrangements on cartel lines to ensure Germany a share of the world markets and to protect her home markets. Measures are also suggested for control of foreign exchange earnings.

18. The E.I.P.S. report also considers, but rejects, a proposal for a lease of a prescribed area, coupled with ownership of the principal industrial concerns as above, on the ground that it would be tantamount to political separation, that it would involve the participating Powers in functions of government and that, because of the sensitivity of the area to booms and slumps, it would be preferable that it should be part of a larger unit to which it would contribute, or, alternatively, from which it would draw relief.

19. The E.I.P.S. do not conceal the fact that whatever powers are taken under the Peace Treaty to ensure fulfilment of control, it would be extremely difficult to ensure execution in the face of deliberate and persistent opposition by a German Government or non-co-operation by the local population. Attention is also drawn to the risk of disagreement among the participating Powers and to the great danger which would ensue if control were in consequence abandoned to Germany after industrial development had been revived. Accordingly the plan is designed to give as free a hand as possible to the German managements, while any powers of vetoing legislation are withheld on the ground that to be effective they would have to be so extensive as to render impossible the relationship between the Corporation and the German Government " which would be essential for the plan to have any chance of success."

20. There are clearly grave risks inherent in the plan. It depends admittedly for success on the co-operation of the German Government. It frankly seeks to gain German co-operation by confining the Corporation to the minimum functions necessary for supervision of the plan, by associating U.N.O. with it, by setting a time-limit and by holding out a bribe of an eventual share in the control itself. On the other hand, it does provide for the presence of troops of occupation and machinery for bringing them into immediate action by means of a 75 per cent. vote of the Council of the Corporation. None the less, the E.I.P.S. plan remains dependent for success on the goodwill of the German Government. The latter, by sabotage, by political or other pressure, could reduce the Corporation to impotence without even necessarily transgressing the provisions of the charter. Nor would it be easy for a Corporation thus confined in its functions to play a positive rôle as a Public Utility Authority in the interests of Europe as a whole as opposed to purely German interests. Moreover, in assessing the attitude of the German Government in Berlin we must bear in mind the probability of its being associated with the Soviet Government both politically and economically.

The French Plan (see Map 2).

21. The French Government had also been giving thought to the problem of the Ruhr. Already in August 1944 M. Massigli informed Mr. Eden of his Government's desire that the Rheno-Westphalian basin should be permanently occupied, placed under a special political régime and drawn into the western economic orbit. At the Foreign Ministers' Conference in London in September 1945 M. Bidault circulated a memorandum which included the statement that " the final separation of this region, including the Ruhr, from Germany is both indispensable in order to cover the French frontier and an essential condition for the security of Europe and the world." The Conference decided that the questions raised by the French memorandum should be the subject of preliminary study through the diplomatic channel and then submitted for consideration by the Council of Foreign Ministers with a view to decisions being taken.

22. Shortly after the London Conference a delegation of French officials visited London with the object of explaining the French proposals. A report on these discussions is at Annex B. The French have since then held discussions with the United States, Soviet, Belgian and Netherlands Governments, but the attitude of these Powers has not yet been revealed. It will be seen that the French base their proposals on the idea of security. They take the view that the Germans will be highly discontented with the final peace settlement because it will confirm the loss of their Eastern territories, and it is only by removing the Ruhr and the Rhineland from their control that they can be effectively prevented from renewed aggression. The French do not try to justify their proposals on economic grounds, though they deny that there is any inherent economic objection to them. They claim that the rich resources of the Ruhr can only thus be made available in safety

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

for general benefit. The French freely admit, however, that it would be most dangerous if a new régime were set up in the Ruhr and then, at a later stage, owing to a disagreement between the Controlling Powers or for some other reason, the régime were abandoned.

(a) *The Ruhr.*

23. The French plan requires the complete and permanent severance from Germany of the territories west of the Rhine and of the Ruhr area itself. The Ruhr would be organised as a separate political entity of some 5 million inhabitants and subject to an international political and economic régime. The Four Powers occupying Germany would lay down the régime, Belgium, Luxembourg and Holland being invited later to associate themselves with it. Whilst the local administration would be appointed by the local population who might also eventually participate in the Government itself, the latter would be in the hands of a Governing Commission of nine members appointed by a majority decision of the Powers directly concerned. The members, once appointed, would act collectively, not as representatives of Governments but as an international body. The Commission would have all the powers of government and would organise a gendarmerie and a police force. To ensure internal security a force of 50,000 troops provided by the States directly concerned and paid for by the Ruhr would be permanently stationed in the territory at the orders of the Governing Commission. The supervision of the régime would be carried out by the signatory Powers who would guarantee its integrity in conformity with the provisions of U.N.O.

24. Industrial concerns would be taken over by international consortiums, shares being held by the participating Powers. The latter would supply working capital as far as necessary, profits being divided among the Allies or used as reparations. In the Ruhr as in the rest of Germany the war industries would be completely suppressed, the iron and engineering industries being much reduced but coal output increased. Iron and coal production would be closely linked with that of France, Belgium and Luxembourg. There would be a new and separate currency with a local bank of issue. There would be no special barrier round the Ruhr and there would be no objection to the export of Ruhr products to Germany.

(b) *The Rhineland.*

25. The Rhineland, consisting of German territory west of the Rhine, would also be finally and completely separated from Germany. It would become the territory of an independent State or of two or three independent States, which would be almost entirely self-governing except that they would be subjected to permanent occupation by Allied troops.

26. France, in conjunction with Belgium and Luxembourg, would undertake the military organisation of the left bank of the Rhine up to, and including, Cologne. Further north it is suggested that this should be a matter rather for Belgium, Holland and the United Kingdom if the latter consider it appropriate.

27. The French view is that Germany must never again be able to use the Rhineland as in the past as a springboard for attacks against France, and that this purpose can only be achieved by the permanent presence of troops, including if possible those of the other Western Powers, along the whole length of the west bank of the Rhine.

(c) *The Saar.*

28. It is proposed that the Saar mines, whose ownership was granted to France by the Treaty of Versailles and regained by Germany in 1935, should once more become French property, with the corollary that the territory itself should be included in the French customs and currency system since the economies of France and the Saar are almost entirely complementary. Whilst the final form of government would be decided in due course, French military forces should be stationed there permanently.

29. The French Government have recently pressed that a decision in favour of separation of the Saar on the above lines should be taken at once and if necessary in advance of the decision in regard to the Ruhr and the Rhineland. They are anxious that it should be established that the Saar should not be subjected to the Potsdam policy in regard to the level of German industry and that immediate steps should be possible to bring about its recovery and integration with French economy. In fact, they are asking for the Saar what the Poles have obtained for Upper Silesia in advance of the peace settlement.

30. The French proposals cannot be fully appreciated unless set against their background. After the last war the French sought above all security against their richer and more populous neighbour; in addition, they wished to get what reparation was possible for the physical damage to their country. To satisfy these aims they put forward two territorial demands apart from the return of Alsace-Lorraine. First they claimed the annexation of the Saar territory. Secondly, they pressed for the political separation from Germany of the territory west of the Rhine, its constitution as an autonomous State or group of States, and its inclusion in a customs union with the western countries. The essential military conditions were that the Rhine bridges should be controlled and that the barrier should be held, not by the French alone, but by inter-Allied forces.

31. Under both heads they were disappointed. In the Saar they obtained temporary ownership of the mines but, at the insistence of the British and Americans, the territory was placed under international administration, its final fate to be determined by plebiscite after fifteen years. The plebiscite in 1935 showed an overwhelming majority in favour of reincorporation in Germany with the result that the ownership of the mines reverted to Germany.

Their proposal for the Rhineland was also opposed by both Great Britain and the United States, and eventually they were persuaded to drop it in favour of (*a*) treaties of guarantee, (*b*) the temporary occupation of the Rhineland, and (*c*) the permanent demilitarisation of the German territory to the west of the Rhine plus a 50 kilom. strip to the east. The treaties of guarantee in the event never came into force at all. The occupation of the Rhineland was prematurely brought to an end at the very time when Germany was beginning to regain her strength. The demilitarised zone, though subsequently confirmed in the Locarno Agreement, was violated by Hitler with impunity in 1935. In 1940 Marshal Foch's worst fears were fulfilled.

32. In putting forward their claims to-day the French therefore have a background of painful experience. They regard a favourable settlement of this question as the pivotal point of their whole foreign policy. If we reject their claims or whittle them down in such a manner as to deprive them of what they regard as essential to security, we can have little hope of maintaining close relations or influence with the French. They will seek their security elsewhere, probably in Moscow. The defeatism, which is at the bottom of the great part of their present internal troubles, will be intensified, and the chances of their returning to stable conditions will be to that extent diminished. Furthermore, the failure to put Anglo-French relations on a really close footing will prejudice our relations with Belgium and Holland and will make more difficult of attainment that close co-operation between ourselves and the Western European countries which we regard as a very important element in our future security.

33. As for the actual French proposals, it may be said that they present a clear cut, logical scheme which has the merit of finality and is free of the type of compromise that proved so unsuccessful in the Versailles settlement. If the plan worked as the French believe, it would certainly provide a complete safeguard against the Germans initiating another war of aggression. The E.I.P.S. plan for the international control of the Ruhr industry could be fitted into it and it might be argued that the elimination of the German Government and Administration would lessen the opportunities of those wishing to make the E.I.P.S. plan unworkable. There would be no objection to the profits of the area contributing to payment for the imports of Germany and reparations. The area would enjoy its own free waterway of the Rhine.

34. On the other hand, the French plan raises a number of difficulties. The fact that the Governing Commission would be responsible to outside Powers and not to the population is difficult to reconcile with the political principles for which we stand and which we are now trying to instil into the German people. All the German political parties would bitterly oppose political separation as would also the trades unions, and they would be strongly backed by German sympathisers abroad. It is conceivable that the Controlling Powers might in course of time lack the necessary determination to maintain the separation in the face of such opposition.

35. The economic difficulties are also considerable. Our economic advisers believe, despite French arguments to the contrary, that by creating an administrative barrier between the Ruhr and the rest of Germany, the plan would be economically disastrous for both areas and would also, in times of slump, involve the Controlling Powers in the necessity to find relief for the population of the Ruhr.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Level of Industry in Germany and Security.

36. Both these plans, the E.I.P.S. plan leaving the Ruhr inside Germany and the French plan severing it from Germany, must be viewed in the light of the current discussions on the future level of industry in Germany. We are now faced with a deadlock on this issue in Berlin where both the Russians and the Americans are seeking to impose such a reduction of the overall level of German industry as in our opinion will prove fatal to the maintenance of future German economy through failure of exports to balance imports.

37. My own idea was to make of the Ruhr a positive element of European reconstruction and co-operation by enabling it to work under full international control for the peace-time requirements of Europe. I did not contemplate the establishment of an international consortium for purely negative purposes of prohibition and inspection. Yet, unless a level of industry is allowed in the Ruhr substantially higher than that now proposed for the rest of Germany, the prospects of the successful operation of a Public Utility Corporation would be remote indeed. The French proposals do not involve any modification of the general level in favour of the Ruhr, and the area for which it is proposed that the Allies should assume full responsibility would be bankrupt from the start.

38. I suggest, therefore, that it is essential for the success of any such plan that the Ruhr—whether as part of Germany or as a separate State—should be allowed a higher level of industry than that laid down for the rest of Germany.

39. If this view is accepted, the question arises whether we are more likely to secure the conditions we need by proposing to separate the Ruhr from Germany and to place it under international government, than by leaving it inside Germany under the German Government. As we have indicated above, the E.I.P.S. plan is based on co-operation with the German Government, it seeks to impose a minimum of restrictions on German management and in fact depends for success on German goodwill. On the face of it, it seems hopeless to suppose that the strong resistance of the Soviets and the United States to the fixing of a higher level of industry could be overcome in favour of a plan for the Ruhr which left such freedom to German enterprise.

40. For if an adequate level of industry is one condition for success of the plan, the other is security against German attempts at interference and recovery of control. Here it must be admitted that the French plan of complete separation offers greater security than that of E.I.P.S. The economic aspect of the French plan is obviously open to adjustment.

41. There is nothing inherently impossible in the area being governed by an outside authority. The Saar was so governed for many years under the League of Nations. Clearly the council of the holding company would not be suitable for this purpose, but a governing commission or commissioner could be appointed either responsible to the Four Powers while the Control Authority remains in Berlin, or to the U.N.O. It should not be impossible to devise safeguards to ensure the prosperity of the Ruhr being made to benefit the rest of Germany.

42. If separation were adopted it is suggested that the area in question should be larger than the narrow Ruhr proposed in the French plan, and should extend to and include the area west of the Rhine up to the Dutch frontier. This would have great administrative advantages. This whole area could be formed into a separate State with full local government under a commissioner or a governing commission selected by the U.N.O. with which the new State and consortium could be closely associated through the Security Council and the Social and Economic Council. The international force (which is also contemplated under the E.I.P.S. proposals) would be situated in this area under the orders of the administrator and might come to represent the residue of the military occupation of Germany when the time came to abandon the present generalised occupation.

The Soviet Attitude.

43. The Soviet Government are deeply interested in the Ruhr. Under the Potsdam Agreement they stand to obtain from it a considerable part of their share of reparations from Western Germany. Apart from that, they are determined that it shall never be used as the economic backbone of either a German revival or a Western *bloc* aimed against themselves. At the Potsdam Conference the Soviet Delegation tabled a proposal whereby the Ruhr, while remaining part of Germany, would be placed under special administration

exercised by a Council of British, United States, Soviet and French representatives. No further details of their proposal have been given, but it is safe to suppose that it would be designed to depress the Ruhr rather than to revive it. Any proposal, therefore, which aimed at raising the level of industry would meet with deep Soviet suspicion, not only as diminishing reparation deliveries of industrial equipment but as a political threat to themselves. The Soviet Government have given no indication whatever as yet of their attitude to the French plan beyond saying that they are studying it. The Soviets must be expected to play a large rôle in the Ruhr in any case, whether as members of an international régime or as the Power behind the German Communist Party.

The German Attitude.

44. Here it is necessary to consider the German attitude. We must expect all German political parties to be hostile to any international control of the Ruhr, but especially to its separation from Germany. Indeed, the Berlin Communists are already insisting that the Ruhr must remain German. The Social Democrats and the Christian Democrats, who can hardly be expected to be less nationalistic, are already showing signs of following suit.

45. In deciding the future of the Ruhr we must clearly take into account the probable picture of post-war Germany. The most striking feature at present is the determined action being taken by the Soviet Government in the Eastern Zone and especially Berlin to support and impose the Communist Party. The Soviets have provided leaders for the latter in two Moscow-trained men, Ulbrecht and Pieck. The Communists, aided by the Soviet authorities, are at present busy forcing through fusion with the Social Democrats in the East and their aim is to extend the fusion to the parties in the Western Zones. Their aim is to create a new party, the United Workers' Party, which behind a democratic façade would be Communist-controlled. The Communists have already penetrated the Trade Union movement and imposed a single union system in Berlin. In the Western Zones the two leading parties, the Social Democrats and Christian Democrats, led by Schuhmacher and Kaiser respectively, are so far resistant to Soviet penetration. The Communists are numerous in the Ruhr and Hamburg but comparatively unimportant in the rest of the West. Their organisation, however, is more active and widespread than that of their rivals.

46. So long as the present zonal occupation continues and Germany is not centralised, our presence and that of the Americans in the West affords some protection to the democratic German parties against Communist pressure from the Eastern Zone. We can try to stiffen the Social Democrats against fusion and enable them and the Christian Democrats to strike root in the various local elections which are envisaged. Once Berlin again becomes the seat of a German Government, the latter will be exposed to strong Communist and Soviet pressure. The Communists will be entrenched in the East and will proceed to the offensive against the parties in the West. For I fear we must proceed on the assumption that the Soviet Government will continue to do all it can to ensure that the future German Government will be Communist and Soviet-controlled. This is the attitude they have adopted in other border countries; their methods in Germany are true to type. According to our reports from Berlin no opportunity appears to be missed for stressing the incompatability of East and West and the need to draw inspiration for German unity entirely from Moscow.

47. In these circumstances, we should be wise, I think, to prolong the present system of administration and government by zones and delay the setting up of a single German Government operating from Berlin. By this means we would gain time for the democratic parties to grow and for completion of our own arrangements in the Ruhr. But, on the other hand, so long as the zonal systems continue we shall not be able to reduce the cost of our occupation, notably that of feeding the German population in our Zone.

48. But what likelihood is there of their being able to resist the Soviet-controlled parties in the long run? We can support them throughout the Western Zones in the opposition to the Communists. We can back them with our publicity. The only support likely to count, however, would be the giving of favours and the establishment throughout the West of a much higher standard of living, and that we are precluded from doing by the Potsdam Agreement. But what are the chances of the democratic parties maintaining their resistance against Communist pressure, especially after British and United States troops are withdrawn and the level of industry is maintained at such a low level as to create chronic unemployment?

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

49. I think it is possible that were there no Soviet backing, the democratic parties might hold their own. The black record of Soviet occupation usually reacts against the chances of the local Communist party when there is no outside force behind them. But so long as the Soviets are established in the Eastern Zone, and even after their withdrawal so long as they are present on the Oder, it must be extremely doubtful whether the German democratic parties will resist. The German character predisposes them to totalitarian parties. The effects of defeat and economic chaos must increase this.

50. Events in Austria provide an interesting parallel. So long as there was a chance of a Communist Government in Vienna, the Soviet Government took the lead in the Allied Council in pressing for greater freedom for the Austrian Government. Since the elections, at which the Communists failed, the Soviet Government have turned their other face to Austria and are blocking every move to increase her independence, and their occupying troops are digging in for another winter. We must anticipate, in fact, that, unless the German Government comes under Communist control, the Soviet Government will prolong their occupation on one pretext or another and apply the bludgeon to bring it about.

51. If the chances are thus against our being able to prevent the German Government from becoming Communist and Soviet-controlled, we have from the security angle a very serious argument for trying to hold at any rate the Ruhr by removing it not only from the economic control but also from the political control of Berlin. If Germany is likely to be under Soviet control, it is better that Germany should not include the arsenal of the Ruhr. The fact that the German parties would be against us at the start should not blind us to the possibility that in the long run an international Ruhr, if a success, might become the focus for Western Germany later.

52. On the other hand, we must face the fact that the Soviet Government may decide to back a Communist German Government in resisting the detaching of the Ruhr territory and even of the Ruhr industry from Gemany. In that event we should have either to acquiesce in Germany retaining the Ruhr, with such purely economic controls as we could establish, or be prepared to stand out with the French (and with doubtful American support) in opposing its return by continuing our occupation in the face of combined German and Soviet pressure.

The United States Attitude and Proposal for a Four-Power Treaty.

53. The United States Government have not yet given any indication of their attitude towards the French proposals. In the Four-Power Council in Berlin, however, they have allied themselves with the Soviet Government in obstinately blocking our attempts to raise the level of industry in Germany. They are also pressing the French Government to agree to the setting up of a centralised German administration in Berlin. They are, of course, known to be anxious to reduce and withdraw American troops of occupation as soon as possible.

54. Mr. Byrnes has now communicated to me and to M. Molotov a tentative draft for a Four-Power Treaty on German disarmament and demilitarisation. The text of this proposal, which is highly confidential at this stage, is at Annex C.

55. By the terms of the Treaty the United States, the United Kingdom, the Soviet and French Governments would bind themselves to ensure the complete disarmament of Germany (Article 1). Upon the termination of the Allied occupation a system of quadrupartite inspection would be set up (Article 2), acceptance by Germany of these provisions being an essential condition of terminating the Allied occupation (Article 3). The quadrupartite Commission of Control set up under Article 2 would report to the Four Governments whenever by a majority of vote they believed that Article 1 was in danger of violation, at the same time submitting recommendations for action. Thereupon the Four Powers would agree to take such prompt military measures as were needed. For this purpose they would within six months negotiate detailed agreements laying down the procedure of the Commission of Control, the numbers and types of forces which each party should contribute, their location and such other facilities which they would provide (Article 4). The Treaty would run for 25 years (Article 5).

56. This American proposal is no doubt designed to speed up the termination of the total occupation and to facilitate an early American withdrawal from

Germany. None the less it provides for the completion of disarmament first. Again a German Government would have to be in existence to undertake the necessary pledges. It would bind the United States Government for 25 years to the principle and practice of inspection of Germany and of the use of force, by means of contingents to be agreed in advance, in the event of violations. The Treaty is not presumably intended to take the place of the general Peace Treaty with Germany, which will have to be concluded with all the belligerents. The provisions for inspection and eventual action in regard to disarmament on a purely Four-Power basis would obviously be far more effective than any similar provision requiring agreement by a large number of Powers.

57. On the other hand, inspection alone cannot be accepted as a satisfactory means of control of Germany. The lesson of inspection after the last war is there to show how successfully the German Government eluded such control and rearmed under our noses. It is certain that the French Government, or for that matter the Soviet Government, would not regard mere inspection of the Ruhr in the conditions proposed as a substitute for occupation and a more specialised form of control on some such lines as discussed above. Nor could I possibly recommend that we should agree to withdrawal of our own forces from the Ruhr merely on the strength of the completion of disarmament and the acceptance by a German Government of the servitudes of the Treaty. Under my own conception of the Ruhr, upon which the E.I.P.S. worked, I always contemplated that the area must be occupied by an international force for an indefinite period.

58. I think, therefore, that the American proposal should be welcomed for the assurance it contains of continued United States participation in inspection and eventual measures of repression. On the other hand we should stipulate that the parties must not be precluded from maintaining partial occupation of Germany merely because disarmament has been completed, a German Government set up and a system of inspection provided.

British Interests.

59. British interests may be summarised as follows :—

(1) Security from the revival of German aggression.
(2) Reasonable economic well-being in Germany and Europe.
(3) Reduction of the British costs of occupation of Germany and feeding of Germans.
(4) A democratic and Western-minded Germany.
(5) The restriction of predominating Soviet influence as far East as possible.
(6) The recovery of France as a solid member of the Western democracies.

60. For (1) and (2) control of the Ruhr is the key which is at present in our hands.

61. For (3) we must face the fact that it is going to become increasingly difficult to keep the American troops in Germany. Hardly less difficult will it be to keep our own troops in Germany, especially if it means spending vast sums in dollars in feeding our Germans. If we and the Americans go we must try and cut our losses and save as much of the position as possible.

62. For (4), if we cannot prolong the zonal government of Germany with all that it means in manpower and money, there is no alternative but to set up a German Government. In view of the economic position and the German propensity for totalitarian solution, the prospects are unfavourable unless there is a change of Soviet policy as a result of which the Soviet tide recedes.

63. For (5), if we and the Americans cannot maintain indefinitely the military occupation of our zones and if we cannot keep the Soviet Government from dominating a central German Government in Berlin, then there are grounds for retaining control over the Ruhr for the West. We should have more control over a separate Ruhr under Allied military occupation, which included the Soviets in the control, than over a German Ruhr as part of a Germany under a Communist and Soviet-controlled Government in Berlin.

64. For (6), a settlement of the Ruhr and the Rhineland which would reassure France is essential.

E. B.

Foreign Office, S.W.1.
11th March, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223753

ANNEX A.

ECONOMIC AND INDUSTRIAL PLANNING STAFF.

THE CONTROL OF THE RUHR.

NOTE BY THE SECRETARY.

THE attached paper has been prepared at the request of the Secretary of State for Foreign Affairs and incorporates the views of the British Element of the Control Commission for Germany.

4th February, 1946.

CONTROL OF THE RUHR.

1. We have been asked to examine and report on the best type of régime which could be set up in the area of "North" Rhineland and Westphalia to secure for the Allies control over Germany's war important industries in that locality without separating the area politically from the rest of Germany. In considering this problem we have further been asked to examine two alternative methods, namely :—

(*a*) control through the ownership or part-ownership of a selected group of industrial companies;
(*b*) the lease to the Allied countries concerned of a prescribed area of German territory, coupled with the ownership or part-ownership of the principal industrial concerns within that territory.

Finally, we have been asked to consider what would be the general economic consequences of taking away the territory on the west bank of the Rhine and setting it up as a separate State. Our views on the effects which this would have both on Germany and on the new State are set out in Annex A (1).

Assumptions.

2. In considering this problem we have made the following basic assumptions :—

(*a*) that a Reparation Plan giving effect to the Potsdam Agreement will be carried out;
(*b*) that the occupation and control of the whole of Germany will continue for at least a further five years from now;
(*c*) that when the military occupation of Germany as a whole ceases, military contingents of the Allied Powers principally concerned will continue to occupy an area in Western Germany in which the majority, at least, of the principal industrial concerns taken under Allied control are situated;
(*d*) that Russia will participate in whatever form of control is set up in Western Germany.

3. After studying the two alternative proposals set out in the terms of reference, we have reached the conclusion that ownership or part-ownership of a selected group of industrial companies would be the most satisfactory method of achieving our main objective, namely, the development of the industries of Western Germany in the interests of European prosperity in such a way as to leave us with a maximum degree of security that is possible without a political separation of the area in which these industries are situated from the rest of Germany. We would like to stress, however, that whatever powers are taken under the Peace Treaty to ensure that the purposes of our control are duly carried out, it would be extremely difficult to ensure their execution in the face of deliberate and long-standing opposition by a central German Government or the sustained non-co-operation of the local population. Moreover, in so far as their control had permitted the industrial development of Western Germany beyond the stage that would have been likely had the Allies acquired no interest in

C223757

German industry, the danger to security if disagreement amongst the controlling Powers or German obstructionist tactics resulted in the Allies relinquishing their control would be greater. On the other hand, the avoidance of this danger by the separation of this area from the rest of Germany would have such disastrous effects on the general economy of the latter and the Ruhr, and in consequence on Western Europe as a whole, as to constitute a potentially greater source of danger than the theoretical risk inherent in our present proposal (see Annex A (2)).

4. In the following paragraphs we set out our recommendations in regard to the structure and nature of the control under the proposal which we favour.

The Area.

5. The area in which the industries most important from the security aspect are concentrated is the northern part of the Rhineland Province and the southern part of the province of Westphalia (hereinafter referred to as " the area "). We have considered whether industrial undertakings outside the area should also be included in the control and have been unable to reach a decision on this point. On the one hand, it is argued that since effective control will depend upon the presence of occupying forces it would be a mistake to take into control any undertakings in parts of the country where occupying forces are not stationed. Assuming that the Germans wished to undermine the authority of the Participating Powers, they would be certain to concentrate first on those outlying properties, and if the Participating Powers were not able or prepared to take the necessary counter-measures, their position would be weakened not only *vis-à-vis* these particular properties, but also with regard to the other properties within the area. The other view is that, in spite of the great force of this argument, there may be certain exceptional cases which would justify the acquisition of industrial concerns outside the area. These exceptions should be confined to cases where the ownership of a concern outside the area, but within the British or American zones, would result in the Allies obtaining virtual 100 per cent. control of an important German industry. An example of this is the Hermann Göring Steel Works at Salzgitter, which with the plants in the Ruhr would probably represent the bulk of German steel production. The complete control of this industry would enable the Participating Powers to exercise considerable influence over its relationships with other steel-producing countries. It would enable them to supervise the operations of Salzgitter more closely than would be possible under rights of inspection conferred under a Peace Treaty. A decision on this point might be left open for later discussion with the other Powers concerned.

Industries to be controlled.

6. The following groups of industries will be taken into control by the Allied countries concerned :—

(*a*) The undertakings in the area of the six principal coal and steel complexes, viz. :—
  (1) Gutehoffnungshütte Aktienverein für Bergbau u. Hüttenbetrieb, Nürnberg.
  (2) Hoesch A.G., Dortmund.
  (3) Klöckner Werke A.G., Duisburg.
  (4) Friedrich Krupp, Essen.
  (5) Mannesmann Röhrenwerke A.G., Düsseldorf.
  (6) Vereinigte Stahlwerke A.G., Düsseldorf.
(*b*) All the other colliery companies and their associated companies in the area.
(*c*) All the other steel companies and their associated companies in the area together perhaps with the Hermann Göring Steel Works at Salzgitter (see paragraph 5 above).
(*d*) All the principal plants within the area belonging to large complexes principally interested in the chemical and engineering industries and major public utility enterprises (such as I.G. Farben, Demag, Rheinisch-Westfälisches Elektrizitätswerk).

(N.B.—The taking over by the Allied countries concerned of industrial complexes in the area is recommended for two reasons. First, it is impossible to draw a hard-and-fast line between steel and engineering; control of steel works which is essential would therefore automatically entail control of some engineering

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

works. Secondly, we are committed under the Potsdam Agreement to break down concentrations of economic power; this will be particularly difficult to achieve owing to the lack of an investing middle class in Germany; if we cannot succeed in leaving these complexes in German ownership and breaking them up into their smaller constituents, the most satisfactory alternative would seem to be to acquire them ourselves.)

Form of control.

7. The undertakings would be acquired as going concerns and transferred to an International Holding Corporation. The share and loan capital of the companies owning acquired undertakings, which would in most cases include assets which the International Holding Corporation would not wish to acquire, would be left in the hands of their original owners. The latter would look to the appropriate German authorities for compensation for the assets acquired by the International Holding Corporation but would retain through their share or loan holdings their interest in assets not so acquired, *e.g.*, those outside the area. New German subsidiary companies would be formed by the International Holding Corporation to control and manage all the acquired undertakings. For the sake of clarity, the following definitions have been used in the ensuing discussion of this organisation :—

Corporation means the International Holding Corporation.
Operating Companies means the wholly-owned subsidiary companies operating the undertakings which have been acquired.

The capital structure of the Corporation need not be considered in detail at this stage, but it should be so designed as to ensure that the voting control would be retained by the Participating Powers while the profits, subject to such reserves as were thought necessary, were made available to the German people. The voting rights might be allotted to the Participating Powers in something like the following proportions :—

	Per cent.
United Kingdom, United States, France and Russia (each)	20
Holland	10
Belgium and Luxembourg together	10

The profits might be allocated either to the new local authority referred to in paragraph 17, or to the provincial Governments of the Provinces of Rhineland and Westphalia in amounts approximately proportionate to the value of the industrial properties acquired in each of these two Provinces. The provincial Governments rather than a central Government have been suggested partly because this would be in conformity with our policy of decentralisation, and partly because there might be no alternative central authority in Germany at the time the transfer was made. When, however, a German Government has been established and its administrative structure fixed it may prove to be desirable that it, rather a local authority, should receive the profits.

Constitution.

8. The direction of the Corporation would be in the hands of a Council which would consist of one representative appointed by each Power who would report direct to his Government. These representatives would be non-technical and would be concerned primarily with matters of broad general policy. They would also make decisions on recommendations received from the Industrial Committees (see below). Each representative on the Council would have votes equivalent to the percentage shareholding of his Government in the Corporation. Decisions of the Council would normally be taken by a 51 per cent. vote.

9. In addition to the Council, Industrial Committees would be set up for each of the main industries in which the Corporation was interested. Similar committees might be established to deal with such general subjects as finance, employment and trade. These Industrial Committees would consist of one member from each of the countries concerned. The main functions of the committees would be to ensure that these industries carried out the general policy laid down by the Council, to keep themselves fully informed of their operations and in particular to take all steps necessary in regard to these companies to ensure the observance of the industrial disarmament clauses of the Peace Treaty. The voting rights of the directors of these Industrial Committees would be similar to those of the Council.

10. Below these again would come the German managements of the operating companies. Each group of industries would elect from amongst its members an executive body which would be the principal point of contact between the industry and the Industrial Committees.

11. In general, the policy of the Participating Powers should be to give as free a hand as possible to the German managements and the principal though not exclusive power which the Industrial Committees or the Council would enjoy would be that of veto.

Dispossession and compensation of previous owners.

12. The undertaking would be taken over by simple requisition, the owners looking for their compensation to whichever authority, local or central, was designated as the recipient of the profits of the Corporation. Some special arrangements might be necessary in the case of interests acquired from non-German owners.

The relationship of the Corporation with the central German authority.

13. This can be divided into two phases :—

(*a*) the period when the central authority consists of the quadripartite Control Council;
(*b*) after the Control Council has terminated and there is a central German Government.

14. As far as (*a*) is concerned, the powers of the Corporation will need no precise definition; their properties being situated in Germany, they will be bound by decision of the quadripartite Control Council and it must be assumed that since the four Powers represented in Berlin will be the four largest individual shareholders in the Corporation, no divergences of views are likely to develop other than those which in the first instance should be settled by the Control Council. In any case, during this period there will be no security risk.

15. When, however, the Control Council is wound up, the Corporation will need to have a charter from the German Government which will be incorporated in an agreement with the Participating Powers. The precise powers which the Corporation will need to enjoy in order to carry out its objectives can be left to be worked out in detail during the earlier stages of its existence when the Control Council will still be operating.

16. We have considered whether the Corporation would need any additional powers, such as the right to veto legislation or compel the German Government to pass new laws. Although at first sight there would appear to be some advantage in such an arrangement we have reached the conclusion that in practice it would be unlikely to achieve the desired effect. If the German Government is determined to sabotage by all means at its disposal the carrying out of the purposes for which the Corporation has been formed, the rights of positive and negative powers over German legislation which the Corporation would need to protect itself, would be so far-reaching as to render it impossible at the outset to establish the sort of relationship between the Corporation and the Government which would be essential for the plan to have any chance of success. We therefore think it preferable that the powers of the Corporation should be defined quite clearly in the charter. Any breach of the conditions set out in that charter would constitute a breach of the agreement between the German Government and the Participating Powers and would therefore entitle the latter to impose sanctions.

17. In order for the sanctions to be effective the Participating Powers must be prepared to take action along two lines. One of these is the temporary assumption by them of the powers of government within the area and the other the use of the occupying forces to reinforce their authority. It will be easier to apply the former if, at the inception of the scheme, a new local authority is set up for the area. Although the new local authority would in normal circumstances have precisely the same relationship with a central German Government as any other local authority, it would have its own separate administrative machine which could be adapted for use by the Participating Powers in the area, should the occasion arise. The use of armed forces would certainly be required under these circumstances and it might also be necessary to make use of these if some action short of the assumption of powers of government were thought sufficient.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

For example, the stationing of contingents of the occupying forces at key points on the boundary of the area could be used to cut off at a moment's notice shipments of coal and steel from the Ruhr to the rest of Germany.

18. The relationship of this arrangement to the United Nations Organisation would have to be considered in the light of future developments. It might prove desirable for questions affecting the application of the agreement to be brought before the Security Council and in particular for the German Government to have the right of appeal in any case where the Corporation was exercising its powers in a manner which could be shown to be detrimental to German national interests where no issues affecting security were involved. A further point which must be considered is whether the Participating Powers will have the right to apply military sanctions within the area on their own initiative or whether they must first obtain the permission of the Security Council. The latter, though perhaps more logical, might be dangerous in that delays would probably occur which might prejudice the authority of the Corporation. This would be particularly likely if, in the event of a breach occurring which, in the opinion of the Participating Powers, justified recourse to military action, the German case was heard as well as that of the Corporation. A preferable arrangement would be a provision to be included in the Corporation's charter whereby a 75 per cent. vote of the Council constituted automatic authority for the Commander-in-Chief of the forces of occupation to take such action as the Council might prescribe. If this was accepted it would be only reasonable, however, to give the German Government the right of appeal *ex post facto* to the Security Council.

19. Two other points have been suggested for making this scheme more acceptable to the Germans and therefore less likely to arouse their lasting opposition. The first of these is a clause in the charter which would provide for the termination of control by the Participating Powers at the end of a stated period subject to the concurrence at that time of the Security Council. The second is that we should hold out to the Germans the promise of an eventual share in the voting rights of the Corporation provided they had co-operated satisfactorily with it in the meantime. As regards the first of these proposals, we think that if the Germans knew at the time the Corporation was formed that they would ultimately regain control of the acquired undertakings it would have an important psychological effect. From this angle a period of, say, 25 years, which would be within the lifetime of the majority of the population, would be most advantageous. But in view of the difficulties of re-educating the Germans within so short a period and the important security aspects involved, no period of less than 50 years is likely to be acceptable to the Participating Powers. The promise of eventual participation in the voting rights of the Corporation presents greater difficulties. The Germans could not receive a share larger than that of the four principal Powers, and this would not be sufficient to influence the decisions of the Council in matters of legitimate interest to the German Government where decisions are taken by a 51 per cent. majority vote. It might, however, enable them to interfere in the one field in which the Participating Powers should have undisputed authority, namely, the use of armed force as a sanction against a breach of the agreement involving a threat to security.

Tariffs.

20. It is important that the products of the operating companies should be allowed to pass freely and without discrimination throughout Germany. In the matter of import duties and of internal duties levied in their territories, the Participating Powers should grant most-favoured-nation treatment to goods produced by the controlled industries of the area. In all other respects they should make no arbitrary discrimination against such goods. Presumably any agreement arrived at by the Commercial Conference to be held during the coming summer would be applied so far as relevant to this case.

Industrial Policy.

21. One of the great obstacles in the way of the Allied control of the principal industries in Western Germany achieving the objectives which we have in mind is the very real danger that in times of world slump the Participating Powers would exercise their control over German industry to ensure that it was Germany and not the industries of their respective countries which suffered the adverse consequences of declining world demand. In other words, there would

be great temptation for each of the controlling Powers to export their unemployment to the Ruhr. To prevent this, some inter-Governmental arrangement will be necessary which will secure for Germany a share in world export markets; allow her to participate in expansion of productive capacity brought about by the increase in world demand, and in times of slump to protect her home market for her home industries. This would in effect mean the setting up of a form of inter-governmental cartel and although the U.S. Government are known to be opposed to cartels, they may be prepared to agree to some form of inter-governmental machinery designed to meet this specific case.

Raising of fresh capital.

22. If the operating companies are to be allowed to expand to meet an increase of world demand for their products, the Corporation will need to raise additional capital from time to time. Generally speaking, this capital should be raised from internal sources through the new local authority or the provincial Governments of the Rhineland and Westphalia. The latter could issue their own provincial Government bonds, and perhaps be given the right to secure these on earnings of the Corporation. In the latter event, however, the bond holders would receive no lien on the properties of the operating companies and no rights of foreclosure, since it is important to ensure that the security of the Participating Powers is preserved intact. The operating companies should also have the right to borrow abroad. In the event of one of the Participating Powers being willing to put up the money, opportunity should be given to each of the Participating Powers to subscribe *pro rata* to the loan. The unwillingness of one or more Powers to subscribe should not of itself convey a right to veto the intended loan, provided that the necessary majority vote of the Council had been obtained to its issue. Subscription to a foreign currency loan by a Participating Power should not confer any additional voting rights. As in the case of internal borrowings, issues made by foreign Governments could be secured on revenue but not on assets.

Control of foreign exchange earnings.

23. It has been suggested that the Powers represented in the Corporation should retain possession of the foreign exchange earnings of the operating companies, and only release these to the German authorities on satisfactory proof that they were not being used for undemocratic or warlike purposes. The Corporation would certainly need to protect itself in its charter from any foreign exchange control imposed by the central Government being exercised in such a way as to defeat the objectives for which the Corporation has been established. It is, however, important in our opinion that the general relationship between the Corporation and the German Government should be such that the Corporation would respect the authority of the German Government except where this can be shown as being used in a manner injurious to the Corporation's interests. It would therefore, in our opinion, be wrong for the Corporation in the case of the foreign exchange earnings of its operating companies to be placed in an exceptional position in which it became in its own right a judge of the political policy of the central German authorities. On the other hand, it might well be desirable, as a means of applying pressure in the event of a breach of the Peace Treaty, for the United Nations to have some general control over German foreign exchange expenditure as a whole. If so it would seem preferable to do this by means of canalising German foreign exchange receipts into some central banking fund, which the United Nations Organisation would have the right to block in cases of emergency.

Timing.

24. If it is agreed that control by means of a holding company is the best means of achieving our objectives, it would be inadvisable for the Allies to take over the industries listed in paragraph 6 above until the undertakings in question can be operated as going concerns, and until the removals of plant and equipment under the reparation programme have been completed. When these conditions have been fulfilled it is probable that the structure outlined in the preceding paragraphs might be set up within a period of about twelve months. Pending the creation of the Corporation, the occupying Power in whose zone the undertakings to be acquired are located might take their assets into custody in the same way as has already been done in the case of the Ruhr mines.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

The lease to the Powers concerned of a prescribed area in German territory, coupled with the ownership or part-ownership of the principal industrial concerns within that territory.

25. At first sight this proposal appears to have many attractions. In fact it amounts to a lease to the Participating Powers for a fixed period of years of certain functions of government within the area concerned, which would be much smaller than the provinces of North Rhineland and Westphalia. In practice, however, it has many disadvantages. If the Allies were to exercise all the functions of a German Government, it would amount to political separation of the area from the rest of Germany. In any case, it would not be practicable for the Participating Powers to exercise these functions. The property interests of the Participating Powers in that area would be confined to the assets of the principal industries, *e.g.*, coal and steel, but all the rest would remain with their existing owners who for administrative convenience would remain subject to German law. Moreover, since the area in question (*i.e.*, the Ruhr) would be most sensitive to the impact of booms and slumps, it would be essential for the area for taxation and currency purposes to be treated as part of Germany. In other words, in times of prosperity the central German Government would expect to obtain revenue from the area with which to subsidise the poorer parts of Germany, while in times of slump the area itself would require subsidising out of the central revenues of the country.

26. If there was any real chance that the Participating Powers would receive the fullest collaboration from a central German Government these difficulties would largely disappear, but we do not think that this is a risk that we could afford to accept. A leased area with an antagonistic German Government would present intolerable problems. There would be no guarantee that the local German municipal authorities would be prepared to obey the orders of the Participating Powers, and if they did in fact adopt ca'canny measures, the Participating Powers would have no option but to take over the administration of the area themselves. This would be a considerable administrative burden in any circumstances, and if a Seven-Power Control involved the establishment of a Seven-Power Kommendatura, it is most unlikely that any efficient non-German administration could be achieved. There is also the political difficulty that if the lease was not regarded as separation the area would have the right to send deputies to the Reichstag. The Participating Powers would find themselves in an extremely embarrassing position if these deputies openly avowed their desire to terminate the régime. In the economic field the position of the Participating Powers could be made extremely difficult. If in times of slump the German authorities failed to subsidise the population of the area and widespread starvation resulted, the Participating Powers would have a direct responsibility to provide relief, which they could scarcely evade.

27. Although for the above reasons we have come to the conclusion that control by means of an international holding company is preferable to control by means of a leased area, we still regard the lease with all its dangers as preferable to political separation. In the first place, it would be possible under such an arrangement for the area still to remain part of the German Customs system, which would not be feasible if it was politically separated from the rest of Germany. Secondly, a lease has less finality about it than separation, and it would always be possible for the Participating Powers to vary the terms of the lease according to the behaviour of the central German Government.

ANNEX A (1).

Establishment of German territory on the west bank of the Rhine as a separate State and the effects of such a proposal both on the new State and on the rest of Germany.

WE have assumed in considering this problem that the territory to be separated from Germany will be confined to that part of the Rhineland and the Palatinate which lies on the west bank of the Rhine and will exclude the Saar. In subsequent paragraphs we refer to this territory as "the State."

Effect on the State.

2. There is little doubt that if the State were separated from the rest of Germany and set up as a new entity it could be made economically viable. The State possesses important natural resources in the shape of hard and brown coal mines, with rich agricultural land which should in time be capable of development to produce a substantial surplus of the higher cost foodstuffs. From the industrial point of view it contains important steel and engineering industries and unless these are substantially reduced under the reparation plan they could be adjusted in such a way as eventually to make the area largely self-sufficient so far as the production of plant and equipment is concerned. The State also contains important chemical industries. There is a substantial surplus of electric power in the State, but it is deficient in gas.

3. In spite of the satisfactory position summarised in the preceding paragraph, the setting up of a barrier between the State and the rest of Germany would undoubtedly create difficulties in regard to the disposal of the surpluses which are now consumed in other parts of Germany. There is a close connection between the State and the Ruhr, the latter taking surplus power from the State and sending it gas. The State also looks to the Ruhr for technical leadership. There are also strong economic connections with other parts of Germany to which the State sells important quantities of chemicals, including in particular carbide and cyanamide, and also special steels. The State also disposes of its surplus sugar production to the rest of Germany. With separation the State would become a new currency area, and on the basis of past experience, her exports to Germany would substantially exceed her imports from Germany. It is unlikely that Germany would be able to afford to import the surpluses from the State as in the past, given the economic difficulties with which she is faced and the further probable effects of the reparation plan. The State would therefore have to find new outlets for part at least of the exports which formerly went to Germany.

4. In general we conclude that there are no insurmountable economic objections from the point of view of the State itself, to its establishment as a separate political entity, provided that its population is not increased above its pre-war level. We would, however, point out that the creation of small independent States with a separate currency and fiscal system of their own is contrary to general economic trends since it involves the creation of new tariff frontiers and is apt to retard the development of world trade. We should regard the prospects of the State as being very much more promising from the economic angle if it could be included in a Customs Union with, say, Holland, Belgium and Luxembourg.

Effect on the rest of Germany.

5. There can be no doubt that from the point of view of the rest of Germany, the separation of this area would add to her economic difficulties. The loss of territory in the east will have a very harmful effect on the economy of the country in any case, and it is extremely doubtful whether once the reparation plan has been carried out she will be able to support a tolerable standard of living without external assistance. It follows from this that the removal from Germany of any further area which is itself economically viable will increase the difficulties of the remainder of the country. There are certain added disadvantages in that separation would tend to result in the rupture of the strong economic and technical links which now exist between the Ruhr and the industries situated in the north of the State. This will be particularly the case in view of the fact that the production of the east and west banks of the Rhine were so largely supplementary. Hindrance to the free exchange of goods will necessarily lead to new capacity in Germany which will add a further burden to the German economy at a time when it will be endeavouring to piece together the assortment of plants left behind after the reparation removals.

6. There is one special burden which will be imposed on the rest of Germany. The loss of territory in the east will leave Germany with a far greater density of population than she had before the war. The settlement of Germans transferred from ceded territory in the east and from central Europe will present great difficulties. The State, in view of its present comparatively low density of population and opportunity for agricultural development is a natural reception area for some of the transferred population. This would no longer be the case if the State were set up as a separate entity since it would be important to ensure

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223764

that it did not start its life with prospects of appreciable unemployment. Adjustments at a later date on any large scale would be impracticable since the nationality of the inhabitants of the new State would have to be determined at the time it was set up and the subsequent influx of large numbers of Germans would prejudice any chances of stability. The creation of the State would therefore add to the difficulties with which the German Government is already faced in settling transferred populations.

ANNEX A (2).

Economic Effects of the Political Separation of the Ruhr from the Rest of Germany.

THE French admit that their proposal to split the Ruhr from the rest of Germany would create economic difficulties, certainly for the rest of Germany and possibly for the area itself. They consider, however, that the problems of reconstruction which confront Germany are so vast that the additional difficulties which might result from the separation of the Ruhr would be relatively insignificant. In any case they maintain that the decision in regard to their proposal must be taken on political grounds alone since the economic consequences of separation should not be allowed to affect the main issue.

2. We agree that if an overwhelming case can be made for separation as the only satisfactory method of preventing future German aggression, the economic consequences are not sufficiently serious to warrant a rejection of the French plan. But the French admit that the most disastrous step that could be taken would be to set up a new State and later abandon it. It is therefore essential that we should be satisfied before separation that the economic difficulties arising from it would not be so great as to weaken the will of the participating Powers to continue it indefinitely. Disagreement between them as to the way in which their control should be exercised would give the Germans an opportunity of which they would be quick to take advantage, to play off one against the other and this might well prove to be its undoing. In the following paragraphs we examine the difficulties that are likely to arise.

3. The French have agreed that the separation of the Ruhr from the rest of Germany is not an alternative way of obtaining security to the principle of de-industrialisation which was agreed to at Potsdam. On the contrary, they have stated explicitly in a memorandum elaborating their proposals that the Potsdam reparations programme will be carried out in full.

4. It was agreed at Potsdam that Germany's metallurgical, chemical and engineering industries and certain other industries which were of particular importance to her war potential should either be eliminated or reduced in capacity to the level necessary for her peace-time economy. It was further provided that the standard of living which Germany would be allowed to enjoy should not exceed the average standard of living of all European countries other than the U.S.S.R. and United Kingdom, and that plant and equipment which was unnecessary for the maintenance of such a standard of living should be removed as reparations.

5. If these measures are applied to the whole of Germany it is probable that it is the Ruhr that will bear the highest degree of de-industrialisation since it is in that area that the greatest concentration of Germany's metallurgical, heavy engineering and heavy chemical industries exist. Although Germany will need to maintain considerable exports in order to meet her essential imports the reparation plan will almost certainly be framed in such a way as to concentrate exports in the consumer goods industries which have less importance from the point of view of war potential. The Ruhr area is largely deficient in these consumer goods industries and the output of the Ruhr will therefore predominantly be used either to meet the direct requirements of that area or to produce semi-finished goods for export to the rest of Germany. The one exception will be coal, where there should be a substantial surplus available for export to non-German destinations.

6. The French in their proposal have suggested "that the economy of the Ruhr should be reorientated towards the West." But if after the reparation

C223765

plan has been carried out the steel, engineering and chemical production of the Ruhr is exported westwards and not made available to the rest of Germany, the latter will, in fact, be deficient of the materials needed to maintain the approved standard of living. If she cannot obtain these goods from the West she will undoubtedly turn towards the East where the increased coal and steel production of Silesia appears to offer a promising alternative source of supply. Czechoslovakia, though to a lesser degree, could also help to fill in the gap created by the loss of Ruhr products. Both Poland and Czechoslovakia are politically and economically under the Soviet influence and if they were to become the suppliers of the Rump Germany in the place of the Ruhr it seems probable that Soviet influence would spread westwards. In other words, the reorientation of the Ruhr economy towards the West is likely to bring about a corresponding reorientation of Russian economy towards the West.

7. In order to counteract this tendency it would be necessary not only to abandon the idea of reorientating the economy of the Ruhr with the West, but to foster the maintenance of the economic relations with the Rump Germany. Before the war the use of Ruhr products in Central and Eastern Germany was deliberately encouraged by means of transport and other subsidies. Whether, without these subsidies, Central and Western Germany would still be a market for Ruhr products remains to be seen, but the immediate steps necessary to encourage this trend would be a Customs Union between the Ruhr and the rest of Germany and a common currency in both areas. The French have stated categorically and with good reason that they could not countenance a Customs Union since this would prejudice their plan of permanently separating the Ruhr from the rest of Germany.

8. The Economic Security and Reparation programme agreed in Potsdam cannot be carried out without leaving behind it a serious unemployment problem. It is clear that the French hope that the inhabitants of the new Ruhr State and of any other areas in Western Germany which may also be detached, will develop a vested interest in their future independence. This is hardly likely to be achieved if the independent State has to start its life with an appreciable proportion of its population unemployed and with little hope of finding work. It stands to reason, therefore, that the Ruhr and any other part of Western Germany politically separated from the Reich will not be reception areas for Germans transferred from Poland and Czechoslovakia and Central Europe, but on the contrary will wish to eject the surplus population which cannot find a means of livelihood. In the case of the Ruhr 1–1½ million people will have to look elsewhere for absorption and if emigration is disregarded the only place they can go to will be the Rump Germany, whose population will already be swollen considerably by refugees from the East. The population of Rump Germany, as a result of these transfers from the East and West, is likely to be in the neighbourhood of 61 millions as compared with a pre-war population of 49 millions. Rump Germany deprived of free access to its remaining important natural resources would clearly be unable to support so large a population without external assistance. The French recognise the adverse economic effects of separation on the Rump Germany and have suggested as a solution that the necessary financial assistance might be provided by transferring to the Rump Germany the surplus foreign exchange earnings of the Ruhr. In making this suggestion the French have assumed that the favourable balance of trade of the Ruhr will be sufficient to meet the adverse trade balance of the rest of Germany, but this is open to doubt. From a plan which the French Element of the Control Commission have recently prepared in Berlin for the future level of German industry after the reparation plan has been carried out, it is evident that the French accept the views of the British and American Delegations that even a unitary Germany will only just be able to balance its imports and exports. The separation of the Ruhr from the rest of Germany cannot but restrict the volume of trade in both areas. Under these circumstances it seems unlikely that even if the Ruhr were to succeed in achieving a favourable balance this would be sufficient to meet the deficit of the Rump Germany. Furthermore, an arrangement whereby the Ruhr subsidised the rest of Germany from which it had been forcibly separated would be highly artificial and in that it retarded any improvement in living standards would not be conducive to encouraging the population of the Ruhr to remain independent.

9. As regards the Ruhr itself, it is by no means a foregone conclusion that it would be a prosperous State. Before the war the national income of the Ruhr was about the same as the average income throughout Germany. It was a good

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

deal lower than Berlin, Hamburg and other industrial centres where the finishing side of German industry was concentrated. In times of slump the Ruhr had to be supported from the central revenues of the State while in more prosperous times the State had to pay subsidies on the increased quantities of Ruhr products moving over the rest of Germany. If the Ruhr is separated from the rest of Germany there will be no equalisation fund to which she can look for financial assistance in times of depression. Moreover, since the numbers of her population will be fixed at the time of separation, she will be unable to absorb some of her unemployed in neighbouring agricultural areas as she now can. In other words, unless the controlling Powers are to ensure that even in times of world slump the Ruhr industries operate at a high level there is every possibility that it may become a gigantic depressed area. It seems hardly likely that the participating Powers would be prepared during these periods to maintain Ruhr output at the expense of their own production, and under such circumstances the Ruhr, far from being able to subsidise the rest of Germany, would itself look for assistance to the participating Powers.

10. The obligations of the participating Powers under the French plan will be considerable. They cannot rely on a power of veto only, for the administration of the area will be in their hands and it is therefore they who will be laying down the policy by which the new State will be governed and will be responsible for the resulting political, social and economic conditions. Unless the participating Powers are co-operating successfully in the world at large, differences of opinion in other spheres of interest are likely to be reflected in an uncompromising attitude in the inter-Allied administration of the Ruhr. Under these circumstances the divergent political ideologies of the Soviet Union and the United States, for example, would remain irreconcilable and the new State would drift helplessly along without guidance.

11. In the economic field, in particular, the situation would be likely to be very difficult. As already mentioned, in times of slump the Ruhr might have a substantial adverse balance of payments and even need relief imports from abroad. The capacity of the various participating Powers to provide relief would vary and it is most improbable that each would agree to provide its proportional share. Though the United States would be in the position to provide the necessary goods, her continued interest in the well-being of Europe cannot be guaranteed. It is most improbable that the United Kingdom could afford to provide its contribution. The Soviet Union would hardly be prepared to support financially an area which she would still regard as part of a Western *bloc* and therefore a potential threat to her own security.

12. Differences of opinion and of interest are also likely to arise in regard to the development of the Ruhr. If it is to have a vested interest in its own continuance some industrial expansion will be necessary and this will call for external financial assistance, since the area is too small to provide all the capital itself. Here again doubt arises as to whether inter-Allied administration would agree that the Ruhr could raise an external loan or on the purposes for which the loan could be used. Each of the participating Powers would consider its own commercial interests and tend to oppose any development that might in future compete in world export markets with its own domestic industries. It is equally doubtful whether, if the borrowing were authorised, any or all of the participating Powers would be willing to provide the money. Failure to reach agreement would retard the recovery of the Ruhr and increase the sense of unfulfilled moral obligation; while the influx of too much capital might result in the re-creation of a heavy industry which, if the régime were to collapse, might leave Germany ready to hand a modern and integrated war potential.

13. In the light of the foregoing arguments we have reached the conclusion that, however attractive the French plan may superficially appear, it creates economic difficulties of such magnitude and contains the seeds of such inter-Allied dissension that the one fear which the French themselves recognise, namely, the subsequent abandonment of the plan, is a very real danger indeed. By comparison we should regard a proposal which left the Ruhr politically a part of Germany but transferred to the participating Powers the control of its principal industries as a more feasible plan.

12*th February*, 1946.

ANNEX B.

[C 8129/22/18]

Mr. Bevin to Mr. Duff Cooper (Paris).

(No. 2068.)

Sir, *Foreign Office*, 16*th November*, 1945.

I HAVE sent your Excellency from time to time records of the meetings which have been held with French officials with a view to elucidating the French proposals with regard to the Ruhr and the Rhineland. I now enclose a final report on these discussions which has been agreed with the French authorities. The first annex to the report is also enclosed, consisting of a French memorandum (in translation) on the economic aspects of their proposals. The second and third annexes, consisting of a statement by Sir David Waley with regard to the French economic memorandum and a counter-statement by M. Alphand, are not yet available in final form. They will be forwarded to you as soon as possible.(1)

2. In the course of these discussions every effort has been made to make it quite clear to the French representatives that it was not the purpose of His Majesty's Government in entering on this stage of the talks to express any views of their own concerning the French proposals. The sole object was to obtain clarification of the French proposals and their implications in order that His Majesty's Government might then be in a position to consider their attitude towards the proposals.

3. It is understood that the French Government have already initiated similar conversations with the United States and Soviet Governments separately, and they will no doubt inform us of the results of these conversations in due course. Meanwhile His Majesty's Government propose to study the French proposals in an attempt to define their policy towards them.

4. I am sending copies of this despatch to His Majesty's representatives at Washington, Moscow, Brussels and The Hague and to Sir William Strang at Berlin for their confidential information.

I am, &c.
ERNEST BEVIN.

Enclosure.

Report drawn up as a result of the Franco-British Conversations which took place in London from 12th–26th October concerning the Future Administration of the Rhineland and the Ruhr.

IN the course of the meeting of Foreign Ministers in London the French Delegation circulated on the 14th September, 1945, a memorandum setting out its views on the steps being taken with regard to the control and administration of Germany.

In this paper the French Government recalled that it had been informed on the 31st July of the text of the arrangement reached at Potsdam between the American, British and Soviet Governments regarding the "Political Principles which would govern the treatment of Germany in the initial period of control." The French Government had since that date expressed reservations about this agreement. These reservations concerned particularly the decision to re-establish forthwith German central administrations set up in Berlin which seemed like the first manifestation of a rebirth of the Reich.

Moreover, the French Government had observed that in the terms of the Potsdam communiqué the territory situated to the east of a certain line would

(1) The second and third annexes to the report, transmitted to Paris in despatch No 2141 of the 29th November, are, for convenience, included in this paper.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

be handed over to the administration of the Polish Government and would immediately be removed from the authority of the Inter-Allied Control in Berlin and from the authority of future German central administrations. The French memorandum, without raising objections *a priori* against an arrangement on these lines, drew attention to the danger that this arrangement might be interpreted as confirming the maintenance of German sovereignty over the rest of Germany.

The French Government, which has on many occasions given public notice of the importance which it attaches to the future of the Rheno-Westphalian region in particular, asked the Council of Five Ministers for Foreign Affairs that pending the settlement of a definite status for this area it should be laid down that the area would be withdrawn from the authority of German central administrations if these were later set up.

This proposal was set out before the meeting by M. Bidault, Minister for Foreign Affairs, on the 14th September, 1945. It was agreed that a study of the whole of the questions raised by the French memorandum would be pursued through the diplomatic channel.

The French Government asked the Governments concerned to state their views on the procedure to be followed in order to carry out this decision.

The British Government suggested on the 8th October that in the first stage the conversations should be carried out by the French Government separately and directly with each of the three other Governments. The British Government proposed that a Franco-British exchange of views should begin immediately in London. It was agreed that these first conversations would have no other object than to inform the British Government about the French Government's views, without involving commitments on either side. The conversations would begin on a general plane and would without delay be followed by technical discussions between experts to study all the aspects of the problems which had been raised.

Mr. Oliver Harvey and M. Couve de Murville were appointed for this purpose by the two Governments and had a first conversation on the 12th October. At the same time the French Government instructed the French Ambassadors in Washington and Moscow to inform the American and Soviet Governments and to notify them of its desire to proceed, as soon as possible, in the same manner with each of them.

The London conversations were carried on between the 12th and the 26th October by means of meetings of political, economic and military sub-committees.

The rest of this report contains a statement of the French position and of its implications as these have been elucidated in the course of the conversations. The British representatives did not express any views on the practicability or desirability of the French proposals.

The French Point of View.

The main preoccupation of the French Government is security. After the last war nothing was done to infringe the integrity of Germany and the measures of security which were taken, *i.e.*, military occupation, were only planned for a limited period during which there was, in fact, no chance of Germany becoming a danger to peace. The maintenance of German integrity implied the maintenance of a military Power whose energies were inevitably directed towards revenge and the recovery of territories which Germany had lost as a result of the war. This error must not be repeated.

In the opinion of the French Government, the security of Europe and of the world demands that Germany should lose the free use of the war potential represented by the industry and the resources of the Rheno-Westphalian area. It is also desirable that these rich resources should be made use of in the general interest. Moreover, the security of the west against German aggression demands that the Rhineland countries should not be able to reconstitute an avenue, an arsenal and the starting point for an attack directed against France and more generally against the western Powers. To meet these preoccupations, the French Government does not propose to have recourse to territorial annexation but to exclude from now on the activity of any central German authority from the Rhineland and the Ruhr and to establish in these areas a régime conducive to the objectives indicated above.

Two general principles can at this stage be set out :—

(1) Whatever may be the details of the final arrangements, it is most important that a decision of principle should be taken immediately to the effect that these territories should be permanently separated from Germany and that this should be made perfectly clear to the inhabitants by a public declaration. This decision implies that the areas in question would be removed from the authority of the Allied Control Council in Berlin at a date which remains to be fixed, but which should be within the shortest possible time.

(2) These territories should not constitute as a whole a single entity either politically or economically. Different régimes must be worked out for each of the areas involved.

(a) *Left bank of the Rhine.*

Adequate military forces must be permanently stationed in the German territories on the left bank of the Rhine, including perhaps some bridgeheads on the right bank.

In so far as this occupation is intended to constitute a covering force for France itself, *i.e.*, up to and including Cologne, it would be for France to see to the military organisation of the left bank of the Rhine, perhaps in conjunction with Belgium or Luxemburg.

Further north the problem is not of such direct interest to France but rather to Belgium, Holland and to the United Kingdom, if the latter considers it appropriate. The object of the forces of occupation will be primarily strategic. These forces will constitute the outposts of the general defence system of all territory west of the Rhine.

The Rhineland should not form part either of Germany or of France and must be subjected to permanent military occupation. The establishment of a definite status for this area in accordance with these principles will depend on the development of local conditions. There may be a single State subjected to inter-Allied military occupation, or there may be two or three States each occupied by the troops of different Allied Powers.

Subject to their accepting the presence of foreign garrisons and refraining from militarisation and from attempts to rejoin Germany, the Governments of the State or States to be created in the Rhinelands would be free to manage their own affairs.

(b) *The Saar.*

The Saar mines, whose ownership was granted to France by the Treaty of Versailles and was regained by Germany in 1935, must become once more French property, with the corollary that the territory of the Saar should be included in the French customs and currency system, since the economies of France and the Saar are almost entirely complementary. The final form of government of the territory would be decided in due course. French military forces should be stationed there permanently.

(c) *The Ruhr.*

The Ruhr area consists of the coal mines and of the factories associated with them. It has a population of about 5 million inhabitants.

The French Government considers that, in order to ensure that the natural and industrial resources of this area shall no longer be exploited for military purposes but rather in conformity with the general interest of humanity, it is essential to treat the area not as part of a State or even of a larger territory but as a political entity independent from Germany and subjected to an international political and economic régime.

All the countries concerned should participate in the organisation of this régime : the States particularly concerned should participate in the selection of the members of the Government, the other interested Powers in some other way.

The local administration should be appointed, so far as possible, by the local population, which could also, in due course, participate in the functions of Government.

An international force would be stationed in the territory and its integrity should be guaranteed by all the Powers concerned.

The Ruhr territory would be open to the trade of all countries. It would be served by the international waterway of the Rhine and, in the opinion of the French experts, would probably be prosperous. There would be no objection to the

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Ruhr exporting part of its production to the rest of Germany provided, of course, that these exports did not include any kind of war material. The Governing Commission and the Powers which were in a position to direct the commission's activities could orientate the production of the Ruhr in any direction which seemed desirable. In particular they could take all necessary measures to ensure that the Ruhr did not unfairly compete with other areas with a similar range of production.

The principles of economic disarmament which may be drawn up by the Control Council would be applied in the Ruhr territory in the same way as in Germany. Part of the probable surplus in the Ruhr trading accounts could perhaps be used for a certain period as part-payment for necessary supplies imported into Germany on the basis that such supplies may be calculated by the Control Council.

The mines and the most important industrial enterprises would be expropriated and turned into an international interest. The exploitation of these mines and enterprises and of the mines belonging hitherto to the Reich should be taken over by international public utility undertakings. The interest of the workers should be safeguarded.

It has been made clear by the French experts that the French proposals have not been put forward on economic grounds and that the decisions to be taken depend essentially on political considerations. These questions are dealt with in greater detail in a French memorandum and in British and French comments which are attached to this report.

Such are the outlines of the French proposals concerning the organisation of the Rheno-Westphalian area.

The question has been raised of the date at which these arrangements should be put into effect. The French view was that while it is important to agree, as soon as possible, that the whole of these areas should be separated from Germany, there is not the same urgency in coming to a detailed decision with regard to the future status of the Rhineland.

The Ruhr, on the other hand, raises urgent problems, notably with regard to coal production, which interest many Powers. The implementation of the Ruhr régime should be undertaken immediately and could be carried out in stages beginning with economic measures.

The International Régime in the Ruhr.

Detailed study was undertaken of the nature of the régime envisaged for the Ruhr with the following results :—

(1) *Establishment of the régime.*

The international régime of the Ruhr should be laid down by a decision of the four Powers in occupation of Germany. Belgium, Luxemburg and Holland, as Powers directly concerned, should later be invited to associate themselves with this decision.

(2) *Objects.*

This decision shall specify that the object with which this régime is established is to ensure that the natural and industrial resources of the Ruhr are no longer exploited for military purposes but in conformity with the general interest of humanity.

(3) *Area.*

The territory subjected to this régime shall be as small as possible and should include particularly the coal basin and the principal industries associated with it. The limits of the area covered by this definition are shown on a map drawn up by the French experts.

(4) *Separation from Germany.*

The régime envisaged involves the complete and permanent separation of the territory from the German Reich and the establishment of the territory as an entity in international law to be named the Ruhr Territory. The inhabitants of this territory who possesssed German nationality would lose it and would have the right to become citizens of the Ruhr Territory. They could, on the other hand, within a period to be fixed, opt for German nationality on condition that, if they did so, they left the Ruhr Territory.

The Governing Commission or an authority appointed by it for this purpose would lay down rules governing the entry into the Ruhr territory of all persons who left it on the arrival of the forces of the United Nations or who, at that date, were not habitually resident there. For the future, conditions for the acquisition and loss of Ruhr territory nationality would be decided by the legislative authorities of the territory.

(5) *Governing Commission.*

The question was asked whether the Ruhr should be governed by a body set up through the United Nations Organisation or by a group of States acting outside the framework of the United Nations Organisation.

The view was expressed, so far as the French representatives were concerned, that the conception of trusteeship could not be applied to the Ruhr and that it would be better to put the régime under international control established by a special agreement between the Powers concerned.

It is clear that the instrument setting up the new régime should be registered with the United Nations Organisation.

The government of the territory should be entrusted to a Governing Commission composed of nine members corresponding to the following list of ministerial departments :

Political.	Transport.
Interior.	Posts and Public Works.
Finance.	National Economy.
Justice.	Labour and Public Health
Education.	

The members of this commission should be appointed by majority decision of the Powers directly concerned. Their appointments should be terminable in the same fashion. They would be appointed for five years and be replaced by rotation. Retiring members would be eligible for re-election. The commission would decide the functions of each of its members and those which it would carry out itself. The head of the commission would be appointed by a majority decision of the Powers directly concerned. He would act as the executive of the commission.

The character of a political régime drawn up on these lines would be determined by the fact that the Governing Commission was entrusted with a political mission with the object of maintaining international security. The members of the Governing Commission would be appointed by certain Governments acting collectively and would not be regarded as the representatives of these Governments but as the members of a collective body whose functions were of international concern.

It is contemplated that in due course the local population might participate in the exercise of government.

(6) *Powers of the Commission.*

The commission should have in the Ruhr territory all the powers of government. Consequently, it could take all legislative and administrative measures which it might judge necessary. It could, in particular, maintain or modify adminstrative institutions. It would appoint and dismiss officials and magistrates, some of whom might, if necessary, be recruited among nationals of foreign countries.

Justice would continue to be administered by the courts existing in the Ruhr territory at the entry into force of the new régime except that a new Supreme Court would be substituted for the Reichsgericht of Leipzig. The Governing Commission would be able to modify existing judicial arrangements.

As a consequence of the separation of the Ruhr territory from the German Reich the Governing Commission would take all necessary measures for the replacement of the Reich by the new territory particularly as regards the ownership of goods which were the property of the Reich, and it would take all measures necessary for the complete separation of public services such as railways and posts from those of the Reich.

(7) *Gendarmerie, Police and Customs.*

The Governing Commission should see to the organisation of a Gendarmerie and of a police force of the territory which could be recruited on the spot and would function under its authority.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223773

It would similarly provide for the frontier police, whose personnel would, at first, be partly recruited outside the territory. A customs administration would also be necessary, whose personnel would be, in the main, recruited locally except for the highest officials.

(8) *Armed Forces.*

In order to ensure internal security in the Ruhr territory the States directly concerned would put at the disposal of the Governing Commission a military force, whose numbers have been estimated at 50,000, which would be stationed permanently in the territory.

The upkeep of this force would be paid for by the territory.

The different contingents would be placed under a single command.

The commander-in-chief would be appointed by the Governing Commission in rotation from among the officers of the States mentioned in paragraph (1) of this section and after consultation with the Governments of these States. He would be directly responsible to the Governing Commission.

Air forces (about ten fighter-bomber squadrons) could be put at the disposal of the Governing Commission without being stationed in the territory.

These armed forces and the persons attached to them who were in possession of an identity document, issued by the military command, and all those employed by these forces or in their service should be liable only to the military jurisdiction of the force.

All persons accused of a crime against these forces or members of them could be tried before the military courts of these forces.

The Governing Commission would be the only authority capable of declaring martial law. The nature of such martial law would be decided by the legislature of the territory.

(9) *Foreign Relations.*

The United Nations would be able to appoint consuls in the Ruhr territory. It would be for the Governing Commission to grant them an exequatur.

The Governing Commission could arrange for the protection of Ruhr citizens and interests abroad by appointing consular agents who could be nationals of the territory in which they were to function, and at a later stage by the appointment of career consuls.

The Governing Commission could also entrust this protection to one of the Powers indicated in section 5 above.

The Governing Commission would take the necessary steps to arrange for the independent participation of the Ruhr territory in technical and administrative international unions and commissions and to negotiate economic treaties affecting the territory.

(10) *Supervision and Guarantee of the Status of the Ruhr Territory.*

The supervision of the application of the Ruhr régime would be carried out by the Governments who signed the instrument setting it up (see section 1 above).

These Governments would receive each year an annual report from the Governing Commission on the manner in which its functions had been carried out, and on the situation of the Ruhr territory.

These Governments would see that the Governing Commission's activities were in conformity with the objective set out in section 2 above.

These Governments would work out the directives to be given to the commission.

They would be entitled to receive claims concerning the Ruhr territory which might be submitted through the diplomatic channel, and to deal with them in such manner as seemed suitable.

The above-mentioned Governments would guarantee the integrity of the Ruhr territory and would ensure respect for its status. The scope of this guarantee would be in conformity with the provisions of the United Nations Charter.

The Governments who signed the arrangement setting up the Ruhr territory would draw up from time to time a list of States who should receive copies of the annual report of the Governing Commission by virtue of their importance either as importers or purchasers for the economy of the Ruhr.

The signatory Governments would receive the observations of these States on the report and could invite one or more of these States to take part in their discussions on this subject.

C223773

General Observations.

The French proposals are based generally on the idea that the only satisfactory way of ensuring that Germany is never again in a position to wage a war of aggression is to remove from German control the mineral and industrial resources of the Ruhr. If Germany is deprived both of Silesia and of the Ruhr she would almost certainly not again present a danger to security.

The proposals with regard to the occupation of the Rhineland are complementary to the proposals with regard to the Ruhr, the establishment and stability of the international régime for the Ruhr being facilitated by the occupation of the Rhineland, in view of the geographical situation of the two areas. The object of the proposals is to deprive Germany of an area which she has more than once used as a base for invasion. It is not intended that the Rhineland should be intensively occupied. The important thing is that the Allies should have the facility of stationing troops on the Rhine over its whole length.

It would be of great importance to estimate the reactions of the population both in the Ruhr and in the rest of Germany to the introduction of proposals on the above lines, but it is practically impossible to do so in advance.

The French view is, in general, that the Germans will be discontented with any possible settlement of Germany and will inevitably harbour feelings of revenge. It is only by removing the Ruhr from the control of Germany that these feelings could be prevented from assuming practical expression in a new outbreak of militarism and aggression.

If the proposals were to be introduced, the sooner this could be done the better, since in the present state of Germany less violent reactions would be expected than when the Germans had recovered to a greater extent.

The administration of the Ruhr would have to be carried out in such a way as to make the new régime as attractive as possible to the inhabitants. This would involve, *e.g.*, allowing them a higher standard of living than the rest of Germany, but it is not intended that the programme of removal of plant for reparations from the Ruhr territory should be modified if these proposals are put into effect. It would also naturally be desirable to allow the inhabitants of the Ruhr as much freedom as possible in running the affairs of the territory, but it would be most undesirable to hold out any hope to them that they might eventually become independent of international control.

The introduction of the French proposals would not enable the Powers occupying Germany to reduce their forces immediately in case the separation of the Ruhr and the Rhineland might lead to local unrest in Germany. But it would enable the occupying Powers to reduce the duration of the occupation of the rest of Germany, since Germany would, without the Ruhr and the Rhineland, be unable to develop her military power. (This does not take account of the other purposes of occupation, such as the re-education of the German people and the installation of a democratic Government.)

The most dangerous thing would be if a new régime were set up in the Ruhr on the lines of the French proposals and then at a later stage, owing to disagreement between the Controlling Powers or for some other reason, the régime were abandoned. For if this resulted in the reincorporation of the Ruhr territory in Germany the latter would, at a stroke, reacquire her richest industrial area.

Annex 1 to Report.

French Memorandum concerning the Future Economic and Financial Régime in the Ruhr.

(Translation.)
(Secret.)

THE object of the present memorandum is to set out in a preliminary way the economic and financial consequences of the establishment in the Ruhr of an international régime such as has just been recommended by the French Government (*aide-mémoire* from the French Ambassador in London of the 31st August, 1945, and report of the 12th October, 1945, on the Rhineland and the Ruhr).

2. It is important first of all to emphasise that the desire of the French Government to detach the Ruhr territory from Germany and to impose upon it a separate international régime is due above all to considerations of security

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

and not to economic grounds. The importance of solving the problem in this manner for the future security of Europe is clearly shown when it is remembered that, taking into account the losses of territory in the east and the entry of the Saar into the French customs area, the separation of the Westphalian basin would deprive Germany of the great majority of the resources which would be necessary for making another war, *i.e.*:—

	Per cent.
Coal	95
Cast iron	78
Steel	80
Rolled products	78

as compared with pre-war production in Germany.

3. Nevertheless the French Government considers that this loss of territory, which is of fundamental importance from the political point of view, could constitute an important element in the reconstruction and prosperity of Europe whatever might be the resulting economic and financial difficulties in the early stages. The present memorandum contains nothing more than a general exposition of this idea. It is difficult to collect statistical data on the production of the Rhineland and Westphalian areas, but in our opinion the further details which will have to be obtained are not likely to modify the conclusions of this first study.

4. To answer the questions which arise it seems necessary to study the consequences of the future political régime of the Ruhr under the following heads :—

(i) Economic disarmament programme for the Ruhr and the future of its different industries.
(ii) Future arrangements for ownership in the Ruhr.
(iii) The labour problem.
(iv) Customs and monetary arrangements and the influence of the proposed solution on the economic conditions of various other countries and particularly on Germany.

(i) *Economic Disarmament of the Ruhr and the Future of its Principal Industries.*

5. The withdrawal of the Ruhr from the control of the German State does not imply that economic disarmament rules in force in Germany should not be applied in the Ruhr territory. In the Ruhr, as in Central Germany, war industries must be completely suppressed.

6. This statement does not in any way mean that the Ruhr territory will be deprived of all its industries. There exist important finishing industries which are of use in peace and which ought to be kept up. Certain manufactures which are at present carried on in the centre of Germany could be transferred to the Ruhr under inter-Allied control. The economic links between the Ruhr and Germany will of course not be entirely broken, but in making Germany dependent for certain essential products on a Ruhr territory governed by the Allies we shall have made a contribution to the economic disarmament of the German State. At the same time the International Government of the Ruhr will have the power and the duty to arrange production inside the territory in such a way that this territory does not constitute a disturbing element as regards the neighbouring economic arrangements in the search for foreign markets.

It is in this spirit that we must examine what should be the development in the Ruhr of the iron and engineering industries, of coal production, of power production, of the chemical industry, and of various other industries.

(a) *Iron Industry and Engineering Manufacture.*

7. The application to the iron and engineering industries in the Ruhr of the principle of suppressing all warlike manufacture will result in a first large-scale reduction in the production of these industries. This involves the transfer as reparation, or, failing this, the destruction of all large-scale forging works and presses, of heavy steel rolling-mills for armour plating and heavy billets, of workshops for producing guns, of aircraft engine manufacture, &c., and consequently a proportionate reduction of the means of production of cast iron and steel. The high quality steels manufactured in electric furnaces are principally required by armies, and the electrical steel works in the Ruhr should

consequently be suppressed. It seems that part of their plant could with advantage be transferred to Allied countries as reparation. The same applies to the machine tool industry.

8. Thus the iron and steel industries which will be able to maintain existence in the Ruhr will only be those which are required by a peace-time economy.

In this connexion the Ruhr should be supplied, to an extent which will have to be decided, with semi-finished iron products by the French industry in Lorraine in exchange for the despatch from the Ruhr of coking coal or of coke. This will result in a reduction in the production of cast iron and steel in the Ruhr, whose industry will be more concentrated on rolling and on the manufacture of products requiring a greater degree of finishing.

German iron production will be closely linked with the production of France, Belgium and Luxemburg, but the cast iron and steel production of the Allies would be increased at the expense of the Ruhr production. Instead of exporting French iron-ore to Germany we would import coke and coking coal into Lorraine. Lorraine would thus be in a position to supply steel to the finishing industry in the Ruhr with a view to the manufacture and export of finished products from there. These exports could be made to anywhere in the world, but principally to Germany and Eastern Europe.

9. It would definitely be possible to carry out a substantial reduction of the iron and engineering industries of the Ruhr once the manufacture of arms was suppressed. Detailed figures can only be given after a closer study. The calculation would, moreover, depend on the reduction of the industrial capacity of the rest of Germany, which would be the Ruhr's principal client. Nevertheless, a first examination leads the French authorities concerned to believe that a production figure for Germany and the Ruhr of 6 million tons of steel a year (excluding the Saar and Silesia) would suffice to meet the normal needs of Germany and to provide for a certain amount of exports of rolled products. The relative proportions to be established between the iron production of the Ruhr and of Germany must form the subject of further study. Moreover, in view of the difficulty of determining exactly at the present moment the steel requirements of Europe during the reconstruction period an additional safety margin of 2 million tons could normally be allowed to the Ruhr as a reserve.

Supplies of ore for the iron works of the Ruhr should be provided first from German ore and in the next place from Lorraine ore. These sources must make up as large as possible a proportion of the possible requirements of the Ruhr. The rest of what is required would be imported from Sweden and North Africa. As all this ore would be transported on the Rhine it would be simple to supervise the quantities.

(b) *Coal Production.*

10. There is every advantage in maintaining and even increasing as much as possible the exploitation of Ruhr coal. Production reached 120 million tons a year in 1943. It was only 100 million tons in 1937, of which 60 million were consumed in Germany and 40 million exported. Two-thirds of the exports went to the western countries (France : 12–15 million, Belgium, Holland; also Italy, Switzerland and Scandinavia).

11. The requirements of the Ruhr and of Germany will necessarily be very much reduced. It will be possible to increase considerably the amount which France will absorb, also the exports to Belgium, Holland and Italy. The exports in question will be composed essentially of coking coal and of coke. It is necessary to envisage in the coming years a reduction in our imports from England as a result of the reduction of British production.(2)

French needs are, moreover, less for coke than for coking coal in order that advantage may be taken of the gas and by-products drawn from the production of coke from coal.

The Ruhr coal industry would therefore remain an important factor in the activity of the territory and would continue to employ the greater part of the 250,000 workers and employees who were working in it before the war.

(2) It must be noted that, since English supplies consist mainly of hard coal and the increased imports of coke and coking coal from the Ruhr into France would correspond to the increase in our iron production, they should not upset the English exporters as soon as the latter are in a position to resume their exports on a large scale.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223776

(c) *Power Production.*

12. The Ruhr is a great power producer. Electricity is supplied by gas and coal installations. Gas is supplied by the coking works and blast furnaces. These two kinds of power are exported far beyond the limits of the Ruhr Basin.

13. Power production will automatically be reduced to a considerable extent by reason of the measures proposed above (reduction in the production of coke and of cast iron). It does not seem that it would be necessary to apply any additional measure tending to reduce still further the power production of the Ruhr.

14. In addition it would be very desirable to see power supplies from the Ruhr directed towards the countries situated to the west, France, Belgium and Holland, by means of the construction of pipes for the long-distance transport of gas and particularly by electric high-tension lines.

(d) *Chemical Industry.*

15. The chemical industry of the Ruhr must be subjected to the general principles of destruction, transfer and control laid down for the rest of Germany. In particular a beginning would be made in the suppression of all manufacture considered useful for war purposes and in the first place to the manufacture of synthetic petrol.

16. The remainder of the chemical industry will be automatically subjected to certain reductions as a result of the decrease in the number of coke works. In general an effort will be made to export coal in accordance with the general principles indicated above rather than to leave it on the spot in order to allow of the functioning of all of the industries derived from it.

17. Nevertheless, there must exist in the Ruhr a limited chemical industry whose markets would be principally for peace-time needs in Germany, particularly the nitrogen industries and the production of nitrogenous fertilisers necessary for German industry.

(e) *Various Industries.*

18. Aluminium. French policy envisages the complete suppression of aluminium in Germany. There existed in the Ruhr, however, near Lünen, an important complex of alumina production (90,000 tons) and aluminium production (45,000 tons) which functioned on an economic basis. If a reduced production of aluminium is maintained in Germany (*e.g.*, 25,000 tons a year) it might be possible to concentrate the total production in the Lünen factory. In this way supervision would be more effective than if various installations for this purpose were authorised to continue to function in the heart of Germany.

19. The other Ruhr industries whose production meets peace-time needs will have to be allowed certain activity: textiles, leather, food products, &c. Besides local consumption these factories would find their markets chiefly in Germany and in Central and Eastern Europe. In fixing these commercial channels account must clearly be taken of the legitimate interests of the Allied countries.

(ii) *Future Arrangements for Ownership in the Ruhr.*

20. On the supposition that the Ruhr is industrialised and that the international authority gives the orientation indicated above to the industries of the Ruhr territory it must be asked what will be the status of the undertakings comprised in the territory. It is impossible to leave the mines in the hands of their present owners. For political and security reasons it will be equally necessary to expropriate those who at present control heavy industry. This policy will necessitate the taking over of these undertakings by a new managerial staff or at least close supervision. All the Allied countries who take part in the international Government will be faced with a problem of personnel. The countries concerned must clearly provide as soon as possible for recruiting the necessary managerial staffs, whereas the technicians can be found among the German personnel.

21. Expropriation pure and simple seems, in fact, to be the only solution. It would result in an abrupt severance of all the financial links which at present join the industry of the Ruhr to the business interests of Cologne and even more of Frankfurt.

22. In these circumstances who will assume the rights of ownership in the Ruhr territory which will thus have become vacant? It does not seem that recourse should be had to private interests. The solution which seems to merit acceptance is the taking over of these industrial activities by international

C223777

consortiums whose shares would be held by the States entrusted with the administration. These States would have to supply the consortiums with working capital in so far as this could not be provided by the expropriated companies. The profits, in so far as they were not reinvested in the enterprises, would be divided between the Allied nations and would count against reparations due from Germany or would be utilised for any other purpose (and in particular for the payment of imports agreed to be indispensable for Germany).

(iii) *Labour Problems.*

23. We shall have to give particular study to the results of internationalisation of the Ruhr on the above lines with regard to the demographic situation and especially as regards labour. It is clear that the general result of the measures proposed will be a reduction in the Ruhr's labour requirements.

24. At the same time it can be supposed that in connexion with this reduction there will be an important decrease in the working population of the Ruhr as a result of the departure of all the foreigners there. Before the war the Ruhr included numerous groups of Polish workers who will without doubt wish to return to their native country. Since the war the Nazi Government had brought into the Ruhr a very large number of foreign workers as forced labour (French, Dutch, Polish, Ukrainian, Belgian, Italian). According to certain figures the proportion of foreigners reached 60 per cent. in 1943. It is clear that all these workers are now leaving Germany.

25. It remains to be asked how the German population, who will live in the Ruhr, will adapt themselves to the new tasks which will be allotted to them. It is impossible to give the answer in advance.

In the light of the above observations one can nevertheless estimate that the movements of population which will take place in the Ruhr will not be of great magnitude and will not cause any important disturbances. On any hypothesis these movements will not be different from those which would have had to take place if the Ruhr had remained an integral part of Germany.

(iv) *Customs and Monetary Régime and Implications as regards International Exchanges.*

26. It is clearly difficult to describe in detail and in advance what will be the customs and monetary régime of the Ruhr and what will be the consequences of internationalising it as regards international exchanges. In view of the lack of recent statistics and information on production in Germany it is not possible to do more than suggest certain hypotheses.

27. On the other hand it is necessary to bear in mind that the solution proposed by the French Government is above all dictated by anxiety with regard to future security. It will always be possible to demonstrate, with the help of figures, that this solution is not particularly reasonable from the economic point of view. It can always be said that it is not right to create a new customs unit in Europe when every tendency is to extend the limits of free economic areas. It would be possible to go so far as to say that the best solution from the strictly economic point of view would be the establishment of a greater Germany. The answer is that the French Government has not any intention of justifying its ideas by economic considerations.

28. The economic structure of any region tends inevitably to adapt itself to territorial solution imposed on political grounds. But in the present case it appears to us that the solution which we have in mind corresponds not only to the essential needs of security, but could be an important factor in the reconstruction of Europe and of its prosperity.

29. There would be no question of the immediate establishment of customs barriers on the frontiers of the Ruhr territory. A customs control would naturally be established between the Ruhr and the territory surrounding it, but the essential object of this step would be to allow the International Commission to supervise the execution of such measures as it might have taken.

30. The economic and political severance of the Ruhr will imply the creation of a new currency. It will be necessary to found for this purpose a bank of issue. The revenue it will require for this purpose will be easily provided by the excess of deposits over withdrawals.

31. At this point it is necessary to reply to an objection to the detachment of the Ruhr territory which has been raised especially in Great Britain. It has been maintained that this solution would deprive the old Reich of the most important part of its resources, and would thus leave in the centre of Europe a

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223778

population of the order of 50 million in a continual state of poverty, with the result that a permanent source of trouble and a threat to the tranquillity of Europe would be kept in being. It is true that the internationalisation of the Ruhr will, in the first instance, create in Germany a serious economic disequilibrium, over and above the difficulties already created by the annexation of Silesia by Poland. German exports of coal and coke, of iron products, finished and semi-finished metallurgical goods and even textiles and chemicals will suffer a considerable diminution. It will doubtless be possible to reduce German import requirements, since the need for armaments will have disappeared altogether. But it will remain indispensable, even if agricultural production in Germany is expanded to the greatest possible extent, to provide for the necessity of buying abroad a very considerable tonnage of food-stuffs. In 1937 Germany, with 69 million inhabitants, imported cereals to the value of 427 million marks, and meat, cattle, dairy produce, fruit, fats, coffee, tea, &c., to the value of 940 million marks. Even a Germany of 50 million inhabitants would therefore have to remain to a large extent an importer of food-stuffs.

32. It is therefore certain that during the period of the readaptation of its economic structure the new Germany will have great difficulties in coping with the deficit on its balance of payments. How is such a deficit to be dealt with?

(*a*) In the first place it must be observed that the severance of the Ruhr and the Saar will remove from Germany populations which, since their activities are almost exclusively industrial, do not contribute to the feeding of the country.

(*b*) Within the limits of what can be achieved agricultural production in Germany would have to be raised to its maximum level by every conceivable means.

(*c*) Germany would continue to possess important industries, since she would retain such regions as Saxony, Thuringia, Berlin, Hamburg, Hanover and Kassel. Germany's resources would be devoted exclusively to her peaceful needs, and no longer to the purchase of raw materials or manufactured goods of military value.

(*d*) From the point of view of density of population, Germany is at the moment undergoing exceptional difficulties. No permanent solution of this question can be arrived at so long as difficulties continue in this degree. Measures will have to be taken to remedy them, notably by adopting a policy of emigration.

33. Nevertheless, all these measures will be insufficient to enable the new Germany to exist without external support. But the territorial measures here contemplated will not in themselves aggravate the problem at all, since nothing will prevent the employment of the export surplus of the Ruhr for such purposes as it would have been put to within the old limits of the Reich. The surplus of foreign exchange resulting from exports from the Ruhr could be devoted, as the responsible Powers may decide, either to reparations or to meet a proportion of such foreign purchases by Germany as are deemed indispensable by the Inter-Allied Control Council.

34. The foregoing considerations are sufficient to determine the essential character of the territory which should be detached from Germany and subjected to an international régime. This territory should include the majority of the industries and mines whose production it is necessary to control. But in order not to increase the difficulty of the problem which has to be solved, every effort should be made to determine the minimum area compatible with these conditions.

The boundaries traced on the attached map would provide a satisfactory solution to the political problem, the economic consequences of which this memorandum has attempted, in broad outline, to describe.

Paris, 22*nd October*, 1945.

C223779

Appendix 1 to Annex 1.

Statistics of Industrial Population and Production.

——	Ruhr.	Saar.	Remaining Territory West of Rhine.	Territory East of Oder-Weisse Line.	Rest of Germany.	Total.
Area (square kilometres)	4,700	1,924	19,976	95,000	348,944	470,544
Population on 17th May, 1939	5,030,000	840,000	4,980,000	9,800,000	48,850,000	69,500,000
Density of population ...	1,070	436	249	103	140	148
Production (in thousands of tons).						
Coal—						
1938	129,823	13,733	7,943	30,854	5,714	188,067
1943–44...	125,314	16,241	7,334	106,560(3)	6,141	261,590(3)
Lignite—						
1938	...	...	56,322	1,358	129,548	187,228
1943–44...	...	...	68,077	1,248	182,988	252,396
Coke—						
1938	32,171	2,926	1,344	3,298	1,930	41,669
1943–44...	35,463	3,524	1,314	8,401(3)	3,571	52,183(3)
Iron ore—						
1938	...	10	...	70	14,920	15,000
Cast iron—						
1938	10,000	1,900(4)	?	?	?	18,045
1944	13,000	2,500	250	275	4,750(4)	20,775
Steel—						
1938	11,000	1,400(4)	?	?	?	22,656
1944	15,500	2,750	500	700	5,025(5)	25,675
Rolled products—						
1938	8,000	?	?	?	?	14,200
1944	10,400	2,000	400	550	4,250(5)	17,600
Sulphuric acid—						
1937	1,041(6)	...	...	172	458	1,671
Nitrogen—						
1939	150	...	120	?	420	690
Electric energy (million kws.)—						
1944	11	8	...	5	56	80

(3) Including production of Polish Silesia.
(4) In 1932.
(5) Consists mainly of output of Hermann Goering Works.
(6) Ruhr plus left bank of Rhine.

Appendix 2 to Annex 1.

Ruhr Zone: Population Data (on 17th May, 1939).

Total population: 5,030,000 inhabitants, *i.e.*, a density of 1,070 to square kilometre.

Towns of more than 100,000 inhabitants:—

Essen	666,000
Düsseldorf	548,000
Dortmund	542,000
Duisburg-Ruhrort	541,000
Wuppertal	401,000
Gelsenkirchen	317,000
Bochum	305,000
Oberhausen	191,000
Hagen	151,000
Solingen	140,000
Mülheim an der Ruhr	137,000
Reimscheid	103,000

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[The second and third annexes to the report, transmitted to Paris in despatch No. 2141 of 29th November, are, for convenience, reproduced below.]

Annex 2 to Report.

Statement by Sir David Waley.

THE French delegation provided an aide-mémoire which is of great use in elucidating the views of the French Government on the economic and financial aspects of an international Ruhr State.

In paragraph 27 of the memorandum, the French Government remark that the solution which they advocate is, above all, dictated by considerations of future security. They add that one could always show that economically it is not very rational. The reply, they say, would be that the French Government in no way thinks of justifying its proposals by economic considerations. Thus, in pointing out that the proposals involve certain economic and financial difficulties, the United Kingdom representatives are on common ground with the French representatives. There is, however, a considerable difference of view as to how serious such economic and financial difficulties would be, although we are certainly on common ground in regarding a prophecy about the future as exceedingly and peculiarly difficult in such a case as this. It seems to us that the difficulties which must attach to any proposal to convert a relatively few square miles of a country into a separate State might be particularly grave in the case of a very highly industrialised State. There would be many disadvantages in turning the Isle of Wight into an independent country, but it seems to us that there would be even greater disadvantages in turning the industrial areas in South Wales or the Tyneside into a separate State.

Economic fluctuations affect an industrial area much more acutely than an area of mixed industry and agriculture. In times of slump, an industrial area is faced with acute unemployment. The absorption of the unemployed into the surrounding countryside is made much more difficult if the surrounding countryside is in a foreign country. A country consisting of an industrial area at the time of economic depreciation would find it singularly difficult to raise sufficient revenue to meet its expenses and to find a market for sufficient exports to cover its imports.

On the other hand, in times of prosperity, it is arguable that the exports of the Ruhr and the rest of Germany taken together would cover the imports of those two territories taken together, but if the Ruhr is detached from Germany, the rest of Germany would no longer be able to obtain its minimum imports. This point is dealt with in paragraphs 31–33 of the French memorandum and in paragraph 33 it is suggested that the export surplus of the Ruhr might be partly used to meet a deficit in the balance of payments of the rest of Germany. This system, under which the Ruhr would normally or on occasions, help out the rest of Germany by a kind of Lend-Lease seems to us likely to give rise to acute political difficulties and also it would be difficult to reconcile with the object of making the Ruhr territory entirely independent from the rest of Germany.

To put the matter in the simplest way, we find it difficult to believe that it will be a good thing to put a political frontier round a "Special Area" and to constitute it as a separate State.

We have not attempted to consider in detail how the proposal would affect the commercial interests of the United Kingdom. We think, however, that the effect on a long-term basis on the United Kingdom coal trade would need very careful consideration and we should not wish to accept, without further examination, the point of view expressed in the footnote on p. 32 about the effect of the plan on the United Kingdom coal trade.

The proposal that coke from the Ruhr should be imported into Lorraine and turned into semi-manufactured metal goods, though it would clearly possess certain advantages, might need further examination from the point of view of United Kingdom trade interests.

We have noted that paragraph 5 of the memorandum states that the policy of removing capital industrial equipment surplus to Germany's peace-time needs would be applied in the Ruhr State as in Germany. This seems to us important, since any other policy would be to the detriment of countries entitled to reparation deliveries, including the U.S.S.R. On the other hand, in paragraphs 17 and 18, it is suggested that in certain instances exceptions might be made and the production of nitrogen and aluminium might be allowed in the Ruhr as a detached State, though it would not have been allowed in the Ruhr if it remains

part of Germany. We think that the wisdom of such a policy would need to be further considered.

To conclude, our main doubt is whether the financial and economic objections to making a separate political State out of a territory comparable with the Tyneside or South Wales are likely to be relatively insignificant, as the French experts believe, for, in our own view, such difficulties would probably be very formidable.

S. D. W.

25*th October*, 1945.

Annex 3 to Report.

Reply by M. Alphand to Sir David Waley.

(Confidential.)

THE French aide-mémoire on the future economic and financial régime of the Ruhr has three essential objects :—

(*a*) To show that the proposed international régime will result in placing under Allied Control considerable resources which otherwise could be used by Germany for preparing a new war.

(*b*) To show that these resources if they are utilised in a rational manner by the international Government can constitute an important element in the reconstruction and prosperity of Europe.

(*c*) Lastly to show that the separation of the Ruhr will not necessarily have such economic consequences for Germany as to perpetuate in the centre of Europe a state of disquiet and insecurity.

This aide-mémoire gave rise to very thorough and frank exchanges of views between the French and British Delegations. The comments which were made did not lead us to modify our position. But they are extremely useful to us in allowing us to give precise form to various important points and to examine in advance the measures that will be necessary to overcome the economic difficulties feared by our British colleagues.

I would like to reply to the principal criticisms which have been formulated by Sir David Waley.

I. The British Delegation thinks that a highly populated and entirely industrial State like the Ruhr will be more sensitive than any other State to economic crises.

The idea is clearly right. It could be applied equally well to Belgium, for example, as to the future Ruhr State. We can hope that efforts will be made to promote throughout the world a policy of expansion and full employment which will enable us to limit the consequences of world economic fluctuations. Moreover the fact that the mineral and metallurgical products of the Ruhr will be nationalised will allow the States responsible for the administration to carry out more easily the plans intended to limit unemployment.

II. Our British colleagues think that we are very optimistic to imagine that the Ruhr will necessarily have a favourable balance of accounts. Certainly it is impossible to calculate exactly the various elements in the commercial exchanges of the future international State, but it is possible to believe that, given the considerable increase in the volume of coal which will be exported, the metallurgical resources which will remain in the territory, the products of peaceful industries (notably engineering, chemical and textile industries), the Ruhr will definitely have an exchange surplus. It must, in fact, be remembered that all these products are in very great demand throughout the world and we must hope that a suitable international policy will permit of the maintenance of these markets. Besides, the Ruhr will only have to import from outside its iron-ore and its food. This represents a comparatively small amount which could be covered by exports of coal alone, so that the exports of other industries would constitute the assets side of the balance of payments.

III. At the same time, the British Delegation expressed some apprehension about the competition which the Ruhr might make on foreign markets against English industry. This fear seems inconsistent with the pessimistic views they expressed about the existence of a favourable balance of payments for the Ruhr territory. It is easy to answer that the competition of the Ruhr territory

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

administered by an international Government in which Great Britain herself will participate will be much less dangerous than that of a territory administered by a German Government, accustomed to the practice of dumping and discrimination.

IV. Finally, we do not believe that the separation of the Ruhr must result in any important aggravation of Germany's economic situation. We indicated the reasons for this in paragraph 32 of our aide-mémoire. I would recall that the Ruhr will not be surrounded by an impassable customs barrier. It will be possible for its resources to be exported to Germany and the excess of its balance of payments could, if necessary, be used in part in order to pay for part of Germany's supplies.

Sir David Waley fears that this kind of lease-lend will cause considerable political difficulties and will not allow us to make the Ruhr entirely independent of Germany. We have already said what we think of this idea: the Ruhr will be independent of Germany, but Germany will remain dependent on the Ruhr, which is exactly what best meets the need for security by which we are inspired.

It only remains for me to express the hope that our conversations have contributed to the enlightenment of our respective Governments. I think, as does Sir David Waley, that there is more a difference of degree than of substance between our points of view. I thank our British colleagues for the objective manner in which they have been good enough to examine the French proposals.

ANNEX C.

(Secret.)

DRAFT TREATY ON THE DISARMAMENT AND DEMOBILISATION OF GERMANY.

PREAMBLE.

ON the 5th June, 1945, the Governments of the United States, the Union of Soviet Socialist Republics, the United Kingdom, and the French Republic declared their intention to effect the total disarmament and demobilisation of Germany. In substantial measure this intention has already been fulfilled. Nothing shall prevent the completion of the process. It remains to ensure that the total disarmament and demilitarisation of Germany will be enforced as long as the peace and security of the world may require. Only this assurance will permit the nations of Europe and the world to return single-mindedly to the habits of peace. To achieve this objective, the Governments of the United States, the Union of Soviet Socialist Republics, the United Kingdom and the French Republic agree to engage in the common undertaking defined in this treaty.

ARTICLE I.

The high contracting parties agree that they shall take steps jointly to ensure that:—

(A) All German armed forces, including land, air, anti-aircraft and naval forces, all para-military forces such as the SS, the SA, and the Gestapo, and all organisations auxiliary to the foregoing shall be and shall remain completely disarmed, demobilised and disbanded.

(B) The German General Staff and the staffs of any para-military organisations shall be and shall remain disbanded.

(C) No German military or para-military organisation in any form or guise shall be permitted in Germany.

(D) The manufacture, production, or importation of military equipment in Germany shall be prevented. In particular, the high contracting parties shall prevent the manufacture, production, or importation of:—

(1) All arms, ammunition, explosives, military equipment, military stores and supplies and other implements of war of all kinds;
(2) All naval vessels of all classes, both surface and submarine, and auxiliary naval-craft;
(3) All aircraft of all kinds, aviation equipment and devices and equipment for anti-aircraft defence.

(E) The establishment, utilisation or operation for military purposes of any of the following shall be prevented:—

(1) All military structures, installations and establishments, including but not limited to military airfields, seaplane bases, and naval bases, military and naval storage depots, permanent and temporary land and coast fortifications, fortresses and other fortified areas;
(2) All factories, plants, shops, research institutions, laboratories, testing stations, technical data, patents, plans, drawings, and inventions, designed or intended to produce or to facilitate the production of items listed in the paragraph (D) above.

(F) Under conditions which may be established by the high contracting parties, the demilitarisation and disarmament required by this Article shall be subject to the following exceptions and to no others:—

(1) The formation and employment of such detachments of German civil police as may be essential to the maintenance of public security, and
(2) The manufacture, production or importation of minimum quantities of those items listed in paragraph (D) (1) above, such as explosives or ingredients of explosives, which may be essential for purposes or construction, mining, agriculture, or for other peaceful purposes.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

ARTICLE II.

To implement the disarmament and demilitarisation provisions set forth in Article I, the high contracting parties agree that they shall make provision for a system of quadrupartite inspection, which shall become operative upon the termination of the Allied occupation of Germany. This system of inspection shall be conducted through a Commission of Control to be established by the high contracting parties on a quadrupartite basis. The Commission of Control, through its officers and agents, shall conduct, in any and all parts of German territory, such inspections, enquiries and investigations as it may deem necessary to determine whether the disarmament and demilitarisation provisions set forth in Article I are being observed.

ARTICLE III.

The high contracting parties agree that for the duration of the period of Allied occupation of Germany, they shall, through the Allied Control Council and in their respective zones, enforce strictly the disarmament and demilitarisation provisions set forth in Article I. They agree further that the express acceptance by Germany of the provisions of Articles I and II shall be an essential condition to the termination of Allied occupation of German territory.

ARTICLE IV.

The Commission of Control provided for in Article II shall submit a report to the high contracting parties whenever, in the opinion of a majority of the members of the Commission, it has reason to believe that a violation of the disarmament and demilitarisation provisions of Article I has occurred or is about to occur. In conjunction with such report the Commission shall submit a recommendation for action on the part of the high contracting parties which appears appropriate to a majority of the members of the Commission. Upon receipt of such report and recommendations, the high contracting parties will, by common agreement, take such prompt action—including action by air, sea or land forces—as may be necessary to assure the immediate cessation or prevention of such violation or attempted violation. The high contracting parties agree that, within six months of the effective date of this treaty, they shall consult for the purpose of negotiating special quadrupartite agreements which shall provide in the greatest practicable detail for inspection, enquiry and investigation by the Commission of Control, for the numbers and type of forces which each party shall make available for purposes of this treaty, for their degree of readiness and general location, and for the nature of the facilities and assistance which each shall provide. Such special quadrupartite agreements shall be subject to ratification by the high contracting parties in accordance with their respective constitutional processes.

ARTICLE V.

This treaty shall be ratified by the high contracting parties in accordance with their respective constitutional processes. The ratification shall be deposited with the Government of . . . . which shall notify all the high contracting parties of each deposit. This treaty shall come into force upon the deposit of ratifications by each of the high contracting parties. This treaty shall remain in force for a period of twenty-five years from its effective date. The high contracting parties agree to consult six months before the date of expiration of this treaty for the purpose of determining whether the interests of international peace and security require its renewal, with or without modification, or whether the German people have so far progressed in the reconstruction of their life on a democratic and peaceful basis that the continued imposition of the controls defined herein is no longer necessary.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C225785

MAP I

GERMANY AND AUSTRIA
ZONES OF OCCUPATION

6° 10° 14° 18° 22°

54° 52° 50° 48°

SCHLESWIG HOLSTEIN Kiel Kanal Kiel Lübeck Hamburg Schwerin MECKLENBURG Swinemünde Köslin POMMERN PROVISIONAL POLISH ADMINISTRATION Danzig DANZIG OSTPREUSSEN Königsberg Pregel Allenstein

Oldenburg Bremen OLDENBURG HANNOVER Ems Weser Minden Osnabrück Hannover Braunschweig LIPPE BRAUNSCHWEIG Münster Detmold WESTFALEN Essen Düsseldorf Aachen Köln Kassel

JOINT OCCUPATION BERLIN Havel Oder Warthe Neisse Frankfurt PROVINZ Potsdam Magdeburg BRANDENBURG Dessau SACHSEN THÜRINGEN Merseburg Leipzig Dresden Weimar SACHSEN Chemnitz SCHMALKALDEN SCHLEUSINGEN NIEDER SCHLESIEN Liegnitz Oder Breslau Oppeln OBER SCHLESIEN

U.K. U.S.S.R. POLAND

NETHERLANDS PROVINZ RHEIN HESSEN NASSAU Koblenz Wiesbaden Frankfurt Main Mainz Darmstadt Würzburg HESSEN

BELGIUM LUXEMBURG Trier FRANCE SAARLAND PFALZ Saarbrücken Speyer Mannheim

U.S.A. Ansbach BAYERN Regensburg Karlsruhe Stuttgart WÜRTTEMBERG Donau (Danube) HOHENZOLLERN Ulm Augsburg München Passau

FRANCE FRANCE U.S.A. U.S.S.R. TSCHECHEI Donau (Danube) Steyr OBERÖSTERREICH NIEDERÖSTERREICH Pölten WIEN JOINT OCCUPATION Wiener Neustadt Pressburg (Bratislava)

CZECHOSLOVAKIA

LIECHTENSTEIN SWITZERLAND Rhein Inn TIROL Innsbruck SALZBURG Salzburg STEIERMARK Mur Bruck Graz BURGENLAND U.K. KÄRNTEN Drau (Drave) Villach Klagenfurt

ITALY YUGOSLAVIA HUNGARY

- International frontiers, 31 Dec. 1937
- Boundaries of German Länder, 2 Aug. 1941
- " " " Provinzen, " "
- " " " Regierungsbezirke, "
- Zones of Occupation

0 50 100 150 MILES
0 50 100 150 200 KM.

RESEARCH DEPT. F.O. March, 1946

A5324 Fosh & Cross Ltd., London.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223786

MAP 2

MAP TO ILLUSTRATE
FRENCH PROPOSALS FOR THE RUHR & RHINELAND

9 10 20 30 40 50 Miles
9 20 40 60 80 Kilometres

International frontiers (1939)
Boundaries of German Länder and Provinzen (up to 1945)
Main railways
Canals
Area of proposed Ruhr territory
Boundaries of Zones of Occupation
Proposed extension of Ruhr territory

RESEARCH DEPT, F.O., March, 1946

HOLLAND
BELGIUM
FRANCE
LUXEMBOURG
GERMANY
NORTH RHINE WESTPHALIA
HESSEN NASSAU
HESSEN
SAARLAND
PFALZ (TO BAYERN)
RUHR PROVINZ
NIEDERRHEIN PROVINZ
WESTFALEN PROVINZ

ROTTERDAM, Maas, Tilburg, ANTWERP, Ghent, Lys, BRUSSELS, Escaut, LILLE, Meuse, Namur, Maastricht, Liege, Aachen, Duren, Roer, Bonn, Koblenz, Moselle, Metz, Trier, LUXEMBOURG, Saarbrücken, Kaiserslautern, Ludwigshafen, Mannheim, Karlsruhe, Rhein, Mosel, Main, Mainz, Wiesbaden, FRANKFURT a. MAIN, Darmstadt, Worms, Giessen, KÖLN, Krefeld, Gladbach, DÜSSELDORF, Wuppertal, Remscheid, Solingen, Wupper, DUISBURG, Mülheim, Ruhr, ESSEN, Bochum, Witten, Hagen, DORTMUND, Recklinghausen, Bottrop, Gelsenkirchen, Oberhausen, Dortmund-Ems Canal, Münster, Paderborn, Weser, Lippe

5° 6° 7° 8° 51° 50° 49°

A 5326 Fosh & Cross Ltd., London.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223786a

APPENDIX II.

[**Gen. 121/2.**
11th March, 1946.]

THE SAAR TERRITORY.

1. Part of the French Government's proposals for a settlement of the future régime in Western Germany relates to the Saar. Their specific proposal on this subject as made in the course of conversations with French officials in London last October was as follows :—

> "The Saar mines, whose ownership was granted to France by the Treaty of Versailles and was regained by Germany in 1935, must become once more French property, with the corollary that the territory of the Saar should be included in the French customs and currency system, since the economies of France and the Saar are almost entirely complementary. The final form of government of the territory would be decided in due course. French military forces should be stationed there permanently."

2. An official communication regarding the Saar has now been received from the French Ambassador, and a translation is attached as Annex A. The French request is briefly that the question should be considered at the earliest possible moment by the four Foreign Ministers or by delegates appointed for this purpose, and that they should agree to transfer the territory immediately to French administration, the final determination of the régime being left to the peace settlement. This is in effect what was granted to the Poles at the Potsdam Conference in respect of the Eastern provinces of Germany. The French communication defines the territory as approximating to that placed under an international régime in 1919, with some small, but undefined, additions. The population of the old Saar territory was approximately 864,000 in 1939.

3. The British Element of the Control Commission has already drawn attention to the desirability of an early decision as to whether the Saar is to be left to Germany or not, as without such decision the plans for Germany's future economy may be drawn up on false premises. I would therefore ask my colleagues to agree that we should support the French request for an immediate discussion of this question by the four Powers. I see no objection to dealing with it as an entirely separate issue from that of the Ruhr and the Rhineland, and I think we can assume that the new post-election Government in France, whatever its character, will maintain the demand for the incorporation of the Saar.

4. I also ask my colleagues to agree that we should in principle support the French request that the territory be transferred immediately to French administration. The extent of the territory to be transferred will need to be further examined in the light of the precise proposals which the French Government put forward. The question will also arise, and should, I suggest, be considered forthwith by the appropriate Departments, whether the assets of the transferred territory should be debited to the French on reparation account.

E. B.

Foreign Office, S.W. 1,
11th March, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

ANNEX A.

(Translation.)

The absence of any agreement on the status of Western Germany presents very serious difficulties which are daily becoming more apparent in the course of the work of the Control Authorities in Berlin.

The French Government have already made known the reasons why they are not in a position to study the establishment of certain central German administrations as long as the competence of such administrations extends to the Ruhr and the Rhineland.

The uncertainty which continues to exist on the future status of the Saar leads to even more immediate difficulties.

On the one hand it seems extremely difficult to fix Germany's "level of industrial life" and in particular the steel production capacity which she will be allowed, without first knowing whether the Saar is to be incorporated in the French customs unit or not.

On the other hand the Control Council must determine without delay the industrial removals which are to take place from former German territory for reparation purposes, and the retention of certain of these factories in the Saar territory depends on the nature of the solution to be found to the question of the Saar.

In these circumstances the French Government wish to define in a clear manner the administration which they desire to see established forthwith in the Saar territory; such definition to be without prejudice to the subsequent discussion of the plans already outlined by them on the question of the future status of the Ruhr and Rhineland.

1. *Boundaries of the Saar Territory.*

The boundaries of the territory to which this proposal applies are much the same as those of the former Saar territory created in 1919. But this territory was an imperfect improvisation which aimed at grouping together the whole of the coal basin. It would now, therefore, be necessary to make certain adjustments, particularly with a view to avoiding the dissection of certain agglomerations and with a view to including lines of communication or industrial towns whose importance has grown since 1939 and which are linked to the economic unity of the coal basin.

2. The administration envisaged is based above all on economic considerations; to deprive Germany of a part of her war potential and to integrate the Saar in France's economic and monetary unit.

(a) *The Economic administration.*

(i) The Saar mines, ownership of which was given to France by the Treaty of Versailles and which were recovered by Germany in 1935, should revert to the ownership of the French State.

(ii) The Saar territory would be included in the French customs unit. This customs union would be facilitated by the fact that the economy of the Saar territory and that of the neighbouring French territories (Alsace and Moselle) are for the greater part complementary.

(iii) The Saar should be integrated in the French monetary unit and the franc should forthwith be substituted for the mark.

(b) *The Political administration.*

The final status of the Saar would only be determined at the time of the Peace Settlement.

The political conditions whose application France considers as both adequate and essential are the following:—

(i) The Saar territory should be withdrawn forthwith from the competence of the Control Council in Berlin and never again be subordinated to a German Central administration.

(ii) A French military force sufficient to guarantee internal order and frontier control should permanently be stationed in the territory.

(iii) France should assure the permanent control of the administration of the territory.

The status of the inhabitants, particularly as far as their nationality and right of option are concerned, should be settled at a later date.

The French Government would forthwith take all the necessary measures to sever completely public services such as railways and posts from those of the Reich. They would undertake the protection abroad of the Saar nationals and interests.

The above proposals are restricted to the conditions which are indispensable for realising the complete separation of the territory of the Saar from that of the Reich. Their adoption would permit the Control Council Authorities to take a certain number of decisions of an economic character which at present remain in suspense as a result of the absence of any agreement on the Saar. The French Government therefore request that they be most urgently considered by the Governments responsible for the supreme authority in Germany, and with this in view suggest that they be discussed as soon as possible by the four Foreign Ministers or by the delegates whom they may appoint for this purpose.

French Embassy,
London, 19th February, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223789

APPENDIX III

[C.P. (46) 139.
15th April, 1946.]

THE RUHR AND WESTERN GERMANY.

I HAVE already circulated to my colleagues two papers dealing respectively with the Future of Germany and the Ruhr and with the Saar Territory (Appendices I and II). I have been giving anxious thought to these problems and now ask my colleagues for authority to proceed on the following lines :—

2. I ask for authority to explore the situation with the interested foreign Governments on the following general lines, though I would not propose to make any final commitment until the Dominions have been consulted at the forthcoming Imperial Conference :—

(a) *The Ruhr.*—(i) To explore the situation on the basis of international control over the Ruhr industries without political separation of the territory from Germany on the general lines suggested in paragraph 5 of this paper. Meanwhile officials would be instructed to prepare a detailed plan as a matter of urgency.

(ii) As an essential prelude to any long-term arrangement, to proceed within the British zone with the interim measures outlined in paragraph 6.

(b) *The Rhineland.*—To support the French Government's proposal that French, Belgian and Dutch forces should be stationed in German territory west of the Rhine for an indefinite period, but to resist their proposal for the detachment of the territory from Germany.

(c) *The Saar.*—To agree that the ownership of the Saar mines should be transferred to France, the territory included in the French customs and currency system, French military forces stationed permanently in the territory, and the territory itself transferred forthwith to French administration pending a final settlement. The assets so transferred should be debited to France on reparation account.

(d) *The American Draft Treaty.*—To inform the United States Government that His Majesty's Government welcome their proposal for a treaty as a most useful basis for discussion.

3. My own original proposal was that the Ruhr should remain part of Germany, but that its industries should be internationally controlled along the lines of a plan prepared by the Economic and Industrial Planning Staff and shown in Annex A to Gen. 121/1 (Appendix I). The following points were raised on that proposal :—

(a) Would my suggestion that the Ruhr should concentrate on semi-finished products and that the finishing industries should be located elsewhere in Europe be acceptable to other countries and indeed to our own?

(b) Would it be possible to confine to the Ruhr the proposed control over German heavy industries? Might not a central German Government, if left free to do so, build up outside the Ruhr heavy industries which were not subject to international control?

(c) What would be the relation between the standard of life in the Ruhr and that in the rest of Germany?

(d) Would the local administrative officials and the German workers in the Ruhr be likely to adopt a policy of obstruction and passive resistance towards the International Holding Corporation and to be supported in this policy by the German Government or administration and by workers elsewhere in Germany?

C223790

4. These points have now been considered with the following results :—

(a) There is general agreement that from the security angle there would be every advantage in encouraging the basic industries of the Ruhr up to the semi-finishing stage, leaving the finishing industries to be set up in other parts of Germany and elsewhere in Europe. There is also general agreement that this should be our aim as soon as the redevelopment of those basic industries is allowed. But for the time being we are bound by the level of industry plan approved by the Control Council which restricts production to a level that will bring serious unemployment to the area. This unemployment would be increased still further if we were now to exclude from the area all the existing fabricating industries.

(b) All heavy industries depend on coal or power, and the Ruhr is the only important source of these in Germany apart from the brown coal fields in Saxony which cannot provide coking coal for steel production. By controlling the Ruhr coal output we shall control the development of the steel industry not only in the Ruhr area but all over Germany. Moreover, it has never been suggested that if a special system of control is applied in the Ruhr, the development of industry in the rest of Germany should be left entirely uncontrolled. The peace treaty will, it is hoped, provide for a thorough system of industrial inspection.

(c) It was agreed at Potsdam that Germany's standard of living should, during the initial period of control, not exceed that of the European average excluding the United Kingdom and Russia. The reparation plan agreed at Berlin will ensure that this principle is strictly observed. It is not possible to predict at this stage how the standard of life in the various parts of Germany will develop after the reparation plan has been completed. All that can be said is that it will be essential to the success of international control of the Ruhr that the standard of life in the area should be at least as high as that prevailing in the rest of Germany.

(d) All political parties in Germany are deeply hostile to any idea of the political separation of the Ruhr from Germany. Their attitude to international control of the industries is less clear. The best estimate of opinion is that, while the Communists would follow Russian guidance whatever it might be, the democratic parties might be brought to accept a plan of the kind worked out by E.I.P.S. if it were accompanied by some immediate advantages and could be represented as a step towards Germany's re-establishment in the Western International framework. Their acceptance might be facilitated if the plan were modified in the sense set out in the next paragraph.

5. Further consideration has been given to the E.I.P.S. paper during the past few weeks, and I am led to think that the basic conception of international control within the German State might be better implemented on the following lines. A new German province would be formed in the area affected by the scheme. Instead of the industries being owned internationally they would be made into a socialised German corporation whose relation to the Provincial Government would be the same as that of the National Coal Board in this country to His Majesty's Government. Germany's obligations in regard to the transferred industries would be laid down in such detail as was necessary, in the peace treaties, and an international control organisation would be formed to supervise the performance of these obligations. Thus political control, with of course the possibility of political and military sanctions, would be substituted for industrial control through ownership. My impression is that a scheme of this nature, with its emphasis on political rather than industrial control, would be more acceptable to the French, while German opinion would certainly prefer to see German industries in German socialised ownership rather than owned by an international corporation. The actual direction of the products of the area into the channels we desire would have to be brought about by the various interested Governments applying appropriate commercial policies.

6. If this scheme is generally agreed, I should propose to proceed by the following stages. The first step would be to create a new German province covering the area to which the scheme is to apply. I am advised that this could be done without difficulty by unilateral action on the part of the British Commander-in-Chief. The next step would be to set up a provincial administration

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223789

APPENDIX III

[**C.P. (46) 139.**
15th April, 1946.]

THE RUHR AND WESTERN GERMANY.

I HAVE already circulated to my colleagues two papers dealing respectively with the Future of Germany and the Ruhr and with the Saar Territory (Appendices I and II). I have been giving anxious thought to these problems and now ask my colleagues for authority to proceed on the following lines :—

2. I ask for authority to explore the situation with the interested foreign Governments on the following general lines, though I would not propose to make any final commitment until the Dominions have been consulted at the forthcoming Imperial Conference :—

(a) *The Ruhr.*—(i) To explore the situation on the basis of international control over the Ruhr industries without political separation of the territory from Germany on the general lines suggested in paragraph 5 of this paper. Meanwhile officials would be instructed to prepare a detailed plan as a matter of urgency.

(ii) As an essential prelude to any long-term arrangement, to proceed within the British zone with the interim measures outlined in paragraph 6.

(b) *The Rhineland.*—To support the French Government's proposal that French, Belgian and Dutch forces should be stationed in German territory west of the Rhine for an indefinite period, but to resist their proposal for the detachment of the territory from Germany.

(c) *The Saar.*—To agree that the ownership of the Saar mines should be transferred to France, the territory included in the French customs and currency system, French military forces stationed permanently in the territory, and the territory itself transferred forthwith to French administration pending a final settlement. The assets so transferred should be debited to France on reparation account.

(d) *The American Draft Treaty.*—To inform the United States Government that His Majesty's Government welcome their proposal for a treaty as a most useful basis for discussion.

3. My own original proposal was that the Ruhr should remain part of Germany, but that its industries should be internationally controlled along the lines of a plan prepared by the Economic and Industrial Planning Staff and shown in Annex A to Gen. 121/1 (Appendix I). The following points were raised on that proposal :—

(a) Would my suggestion that the Ruhr should concentrate on semi-finished products and that the finishing industries should be located elsewhere in Europe be acceptable to other countries and indeed to our own?

(b) Would it be possible to confine to the Ruhr the proposed control over German heavy industries? Might not a central German Government, if left free to do so, build up outside the Ruhr heavy industries which were not subject to international control?

(c) What would be the relation between the standard of life in the Ruhr and that in the rest of Germany?

(d) Would the local administrative officials and the German workers in the Ruhr be likely to adopt a policy of obstruction and passive resistance towards the International Holding Corporation and to be supported in this policy by the German Government or administration and by workers elsewhere in Germany?

C223790

4. These points have now been considered with the following results :—

(a) There is general agreement that from the security angle there would be every advantage in encouraging the basic industries of the Ruhr up to the semi-finishing stage, leaving the finishing industries to be set up in other parts of Germany and elsewhere in Europe. There is also general agreement that this should be our aim as soon as the redevelopment of those basic industries is allowed. But for the time being we are bound by the level of industry plan approved by the Control Council which restricts production to a level that will bring serious unemployment to the area. This unemployment would be increased still further if we were now to exclude from the area all the existing fabricating industries.

(b) All heavy industries depend on coal or power, and the Ruhr is the only important source of these in Germany apart from the brown coal fields in Saxony which cannot provide coking coal for steel production. By controlling the Ruhr coal output we shall control the development of the steel industry not only in the Ruhr area but all over Germany. Moreover, it has never been suggested that if a special system of control is applied in the Ruhr, the development of industry in the rest of Germany should be left entirely uncontrolled. The peace treaty will, it is hoped, provide for a thorough system of industrial inspection.

(c) It was agreed at Potsdam that Germany's standard of living should, during the initial period of control, not exceed that of the European average excluding the United Kingdom and Russia. The reparation plan agreed at Berlin will ensure that this principle is strictly observed. It is not possible to predict at this stage how the standard of life in the various parts of Germany will develop after the reparation plan has been completed. All that can be said is that it will be essential to the success of international control of the Ruhr that the standard of life in the area should be at least as high as that prevailing in the rest of Germany.

(d) All political parties in Germany are deeply hostile to any idea of the political separation of the Ruhr from Germany. Their attitude to international control of the industries is less clear. The best estimate of opinion is that, while the Communists would follow Russian guidance whatever it might be, the democratic parties might be brought to accept a plan of the kind worked out by E.I.P.S. if it were accompanied by some immediate advantages and could be represented as a step towards Germany's re-establishment in the Western International framework. Their acceptance might be facilitated if the plan were modified in the sense set out in the next paragraph.

5. Further consideration has been given to the E.I.P.S. paper during the past few weeks, and I am led to think that the basic conception of international control within the German State might be better implemented on the following lines. A new German province would be formed in the area affected by the scheme. Instead of the industries being owned internationally they would be made into a socialised German corporation whose relation to the Provincial Government would be the same as that of the National Coal Board in this country to His Majesty's Government. Germany's obligations in regard to the transferred industries would be laid down in such detail as was necessary, in the peace treaties, and an international control organisation would be formed to supervise the performance of these obligations. Thus political control, with of course the possibility of political and military sanctions, would be substituted for industrial control through ownership. My impression is that a scheme of this nature, with its emphasis on political rather than industrial control, would be more acceptable to the French, while German opinion would certainly prefer to see German industries in German socialised ownership rather than owned by an international corporation. The actual direction of the products of the area into the channels we desire would have to be brought about by the various interested Governments applying appropriate commercial policies.

6. If this scheme is generally agreed, I should propose to proceed by the following stages. The first step would be to create a new German province covering the area to which the scheme is to apply. I am advised that this could be done without difficulty by unilateral action on the part of the British Commander-in-Chief. The next step would be to set up a provincial administration

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

of that province, which would have the necessary powers over the proposed German corporation to which the industries in the area would be transferred. This will take some time to achieve, and in the meantime I would propose to follow in regard to the other industries in this area the same policy that has already been carried out in regard to the Ruhr mines, namely, to vest them as a temporary measure in the Commander-in-Chief, announcing at the same time that while their ultimate disposal remains to be decided they will not be returned to their previous owners. Although it is part of the plan that these assets should subsequently be transferred to the proposed German corporation, there is some doubt whether this transfer could be effected by the Commander-in-Chief under the powers which he exercises as a zone commander or whether it would not need the quadripartite approval of the Control Council. This, however, is being further examined and will not affect my immediate proposal. It follows that during the early stages the direct control over these industries would be exercised solely by the British zone commander, though he would of course be subject to quadripartite control at Berlin in so far as the legislation to deal with these industries is a matter affecting Germany as a whole. Nevertheless, to prepare the way for my ultimate objective of international control I would from the outset associate the Western Powers most closely affected and the United States by inviting them to appoint in the first place advisers to the British officials nominated as custodians of these industrial assets, and later, when the German corporation has been formed, to the British body which will control it. But when the quadripartite control of Germany comes to an end this British body would change into an international organisation on the lines set out in paragraph 5 and at that stage the advisers appointed by our Allies would become fully associated with the control.

7. A highly important point for decision is whether the Russians should be admitted into the scheme suggested. My own view is that we should not offer to the Russians in Western Germany any greater facilities than they might be prepared to give us in Eastern Germany, *e.g.*, participation in the international control of the industrial area of Saxony. One may assume that they would not wish to set up such an international control in their own zone. If, therefore, at any time during the evolution of this plan the Russians were to claim the right to appoint an adviser or an ultimate share in the international controlling body, I should only be prepared to accept this provided that they were to give us similar participation in the international control of a similar organisation in their zone.

8. In considering this whole problem we must, however, bear in mind that we have given our agreement in Berlin to a plan for the future level of German industry the effect of which will be to reduce the level of German industry as a whole to about 50 or 55 per cent. of the 1938 level. The heavy industries are to be more drastically reduced than others, the productive capacity remaining to them being of the order of a third of pre-war. This will in particular affect the Ruhr where the heavy industries chiefly lie. The plan was accepted by the British representative on the clear understanding that it would be open to review if any of the basic assumptions of the plan were modified. One of these assumptions related to the German western frontier and it would clearly be modified if the French plan of separating the Ruhr from Germany were accepted. But it would be impossible to call for review on this ground if a system were introduced on the lines favoured by the Committee on German Industry, under which the German western frontier would not be changed. Unless, therefore, we are prepared to denounce the Potsdam Agreement—and this is a matter which I propose to discuss in a separate paper on our general policy towards Germany—it seems to me that we must proceed on the assumption that the level of industry plan will be carried out. This, I fear, will inevitably postpone for some years any hope of fulfilling one of my principal ideas, which is that the Ruhr should be turned into a positive element of European reconstruction. I have not, however, abandoned this conception and hope that the proposal for controlling the Ruhr which I have outlined will enable me to persuade the Russians that a prosperous and expanding industry in the Ruhr may hold out great advantages for them as well as for the rest of Europe. The full association of the Germans in the development of their own industry under international control, as this modified plan contemplates, seems to me better calculated to achieve this objective than does the idea of international ownership which deprives the Germans of an interest in the welfare and well-being of their own industries.

9. I took the opportunity of the period required for consideration of the points mentioned in paragraph 3 above, to invite the views of the Chiefs of Staff

on the strategic aspect of this problem. Their report, of which a copy is attached, may be briefly summarised as follows:—

Our main strategic aims in Western Europe are that no potentially hostile Power should be in a position to dominate Western Europe and, secondly, that on the outbreak of any future conflict our strategic frontier should be as far east as possible. Our policy towards Germany should be guided by the consideration that Russia is our most likely potential enemy and is a more serious danger than a revived Germany. Three proposals for the organisation of the Ruhr are considered and none is thought wholly satisfactory for meeting these aims. The first, namely, that the Ruhr should simply remain for the time being as part of our zone of occupation with the control of its industry in our hands, has many advantages since it gives us for the immediate future the maximum freedom of action and leaves the area and its industry under our control for so long as the occupation of Germany is maintained. But the necessary corollary of this proposal is that the Ruhr should be returned to German control when occupation ceases. This will be dangerous if Germany is drawn into the Russian orbit. The Chiefs of Staff regard the French proposals as unacceptable. They regard the E.I.P.S. plan as a possible compromise but draw attention to several serious disadvantages in it. The Chiefs of Staff see no objection to the occupational commitment involved in the E.I.P.S. plan which would amount to 10,000 British troops and which they consider would probably be less than that involved in the French plan.

10. There remain the questions of the Rhineland, the Saar and the draft treaty proposed by the United States Government, the text of which is contained in Annex C of Gen. 121/1 (C.P. (46) 156).

11. As regards the Rhineland, economic and military arguments have been advanced against the French proposal that German territory west of the Rhine should be set up as a separate State or States detached from Germany. French ideas on this point have been far less definite than their ideas about the Ruhr, and there should not be so much difficulty in reaching agreement with them on this aspect of their plan provided we can accept their main proposal that their forces, and those of the Belgians and Dutch, should be stationed permanently in the area. I would propose that this should be our policy. It is not thought necessary that any British troops should be stationed in this area.

12. As regards the Saar, I suggest that His Majesty's Government should support the French proposals and that the assets of the territory transferred to French administration should be debited to the French Government on reparation account. I submit these recommendations to my colleagues' approval.

13. The Chiefs of Staff have reported favourably on the American draft treaty and, though certain clarifications are required, I am convinced that this American initiative is of great importance and potential advantage to ourselves. I would accordingly propose to inform the United States Government that we welcome their proposal and consider it provides a most useful basis for further discussion, subject to the clarification of certain points.

E. B.

Foreign Office, S.W. 1,
15*th April*, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

ANNEX.

C.O.S. (46) 105 (O).

CHIEFS OF STAFF COMMITTEE.

THE FUTURE OF GERMANY AND THE RUHR.

Report.

WE have examined the Foreign Secretary's paper* and the questions you put forward in your letter. It is not possible to deal with these without considering wider questions of our strategic interests in Western Europe.

2. It must be assumed that the Silesian industrial area is permanently lost to Germany. From the point of view of future war potential, the Ruhr is by far the most important area of Germany. Deprived of both the Ruhr and Silesia, Germany could hardly count as an independent factor in Europe.

From the military point of view, therefore, the future of the Ruhr and the Rhineland will largely determine the future of Germany. Thus is becomes necessary to consider what our long-term policy with regard to Germany as a whole should be.

Long-Term Policy regarding Germany.

3. Our main strategic aims in Western Europe are that :—

(*a*) No potentially hostile Power should be in a position to dominate Western Europe.

(*b*) On the outbreak of any future conflict, our strategic frontier should be as far east as possible.

The deduction from the above is that we must do our utmost to ensure that France and the Low Countries remain friendly to us. Our position would be greatly strengthened by the creation of a western democratic Germany. Failing this, it is essential that the authority in control in Germany should not be hostile to us.

This authority must be that, either of a revived and independent Germany, or of whatever Power might be in a position to exert a controlling influence in Germany. At present it seems that, once the existing system of Allied occupation is terminated the only foreign Power which could establish a controlling influence in Germany would be Russia. Our policy towards Germany should therefore be shaped by whether, in the long run, we regard a revived and independent Germany, or Russia as likely to be the greater danger to our security.

It is clear that the worst situation of all, and one which we must try to avoid at all costs, is that of a revived Germany dominated by Russia, since we might then be facing the combined war potential of both Powers.

4. If we consider that the principal danger to our security is eventually likely to come from a revived and independent Germany, then our policy towards her should be guided principally by the necessity of keeping her war potential as low as possible. At the same time, however, we must not drive Germany into the arms of Russia.

Alternatively, if Russia is considered the more serious danger, our policy towards Germany should be such as would not prevent us from building her up again if this becomes necessary. In addition, so that we could count on effective German assistance in the event of conflict with Russia, we should try to avoid arousing permanent German antagonism towards us.

5. The above are questions of the highest policy and are to a great extent political. We consider that it is still too early to decide these issues finally, but, if we have to shape our policy now we can, from the military point of view, choose only the second alternative since Russia appears, at present, our most likely potential enemy.

In the event of conflict with Russia we cannot, in view of the man-power and war potential at her disposal, afford to exclude any method of redressing the

* Gen. 121/1.

balance. Moreover, Germany is so placed strategically that, if she was prepared to resist, she might be able to gain the necessary time for us to develop our own effort, and for the resources of the United States to be brought into play.

6. It would clearly be politically unacceptable, nor is it militarily necessary, to adopt a policy of rebuilding Germany in the immediate future. We consider, however, that our policy should be shaped to give us maximum freedom to do this later in case it should prove to be necessary. Such a course will be subject always to the following provisos :—

(*a*) We must be able to carry the United States with us in any proposals we make.

(*b*) We must not so offend France and the Low Countries that we alienate them permanently.

(*c*) Any arrangement which allows the stationing of Russian forces in Western Germany or extends Russian influence is undesirable.

(*d*) We wish to reduce our occupational commitment as far as possible and to avoid a permanent commitment on the continent.

(*e*) Any settlement which does not conform to the spirit of the Atlantic Charter is unlikely to stand the test of time.

7. In the light of the above overall considerations, we examine the points raised by the Foreign Office.

Proposed Methods of Control of the Ruhr.

Method 1.—*Eventual Return of the Ruhr to Germany.*

8. This gives us for the immediate future the maximum freedom of action in that it would avoid the necessity of deciding now upon any special long-term régime for the Ruhr, and would leave it under our control as long as the occupation of Germany is maintained. Moreover, the prospect of the eventual return of the Ruhr might divert German attention to the question of the recovery of her next most important lost province, Silesia, and therefore incline Germany to a policy of collaboration with the West rather than the East. The fact that we would remain in occupation of the area until it was considered safe to abandon the occupation of the whole country would give us, at any rate for some time, a considerable degree of security against a revived and hostile Germany.

9. On the other hand, this plan contains, as a long-term policy, an element of risk in that, should it not achieve its object and should Western Germany in spite of it be drawn into the Russian orbit, Russia would gain the war potential of the whole of Germany, including her most important industrial area. Whether or not this plan would bring us solid advantages must therefore depend upon its being accompanied by a positive policy towards Germany which will hold out real hope for the future to her, and so combat despair and its accompanying opportunities for Communist propaganda. This policy should ensure keeping at least Western Germany outside the "iron curtain."

We would relate this policy to the Foreign Secretary's remarks on the formation of a Western "zone," and to our views on areas of strategic importance.

It must not be overlooked that this plan may be expected to be vigorously opposed by France. The risk of alienating her that it involves would have to be faced, and a means found to persuade her that it will be in her long-term interests to accept it.

10. As regard occupational commitments, this plan reduces our long-term occupational tasks to a minimum, since, once the occupation of Germany as a whole hand been abandoned, there would be no need for forces of occupation east of the Rhine. The reluctance to evacuate the Ruhr might prolong the occupational commitments as a whole. On the other hand, it seems to us that the decision whether or not to abandon the occupation of Germany as a whole is likely to be influenced primarily by other factors.

Method 2.—*E.I.P.S. Plan.*

11. This plan has the following advantages :—

(*a*) It ensures that sanctions can be applied quickly if the need arises.

(*b*) Our share in the control over the industries of the Ruhr will offer us a certain degree of security whoever may be in control of Germany.

(*c*) French insistence on the separation of the Ruhr appears to be weakening, and they might therefore be brought to accept this plan.

(*d*) It should ensure that United States troops remain in Europe for a prolonged period.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

(*e*) If the Russians are included in the plan, they are robbed of their propaganda line with the Germans that it is the Western Powers who are screwing down Germany.

12. The plan has, however, considerable disadvantages :—

(*a*) We abandon the position which we hold at present of being the sole authority in the area.

(*b*) It is doubtful whether the Germans would regard the return of the territory only, without control of the industries which give it its main value, as a concession of any great consequence.

It would not therefore divert German hostility away from the Western Democracies, and if the Russians are not included in the plan, might drive Germany into the arms of Russia by giving Russia a weapon with which to incite the German population against us.

(*c*) On the other hand, if the Russians do participate in control, it might be difficult to exclude Russian troops from the Ruhr while allowing forces of the Western Powers to be stationed there.

In the event of our being forced to admit Russian troops, it is unlikely that we shall be able to prevent them establishing a Russian zone, and with it a secure base for the conduct of Communistic activities.

(*d*) International control would be held responsible by the German population for any distress caused by slumps, unemployment, &c., and a difficult internal security problem would therefore exist. This unrest might be exploited to their own ends by the Russian representatives on the controlling body in the Ruhr.

(*e*) There will be an inevitable danger of conflicting economic interests between the controlling Powers, and the consequential danger that in the course of time one or more Powers might withdraw, causing a breakdown in control.

(*f*) The plan produces an indefinite, though small, occupational commitment.

13. With regard to the questions raised by the Foreign Office regarding occupational commitments, it is not possible to give a firm estimate of the number of troops required, but the figure of 50,000 quoted for the French Plan seems reasonable. Since the other participating Powers would presumably provide contingents, we should probably have to provide not more than 10,000, and this is a commitment which could be accepted.

The fact that the territory would not be politically separated from Germany should render the task of occupation easier rather than the reverse since such a régime would presumably be more acceptable to the population than one involving complete separation. It should be noted that militarily it would be highly desirable that the area should be extended as has already been proposed,* so as to include an area west of the Rhine up to the Dutch frontier. If this is not done the Ruhr area would become an island surrounded by potentially hostile territory.

Method 3.—*French Plan.*

14. Acceptance of this plan should improve our relations with France. Otherwise it produces no advantages which we cannot obtain under the E.I.P.S. plan, and only accentuates the disadvantages of that plan.

The Ruhr will be detached permanently from Germany. The scheme will therefore encounter the bitter hostility of the Germans, and in the passage of time will fail to retain the continued support of popular opinion in the democracies. It seems to us that German hostility to this plan, combined with the effect it would have upon German economy, would almost certainly drive Germany into the arms of Russia. Furthermore, the plan would entail an indefinite occupation commitment which, in view of local hostility, would probably be larger than that required under the E.I.P.S. plan, without any corresponding advantage from the security point of view. In addition, Russian influence would be allowed to extend into Western Germany.

Summary.

15. None of the three methods proposed is wholly satisfactory, nor can we at present see any solution to the problem of the ultimate disposal of the Ruhr territory which fully meets our military requirements. The French plan we regard as unacceptable.

* Gen. 121/1, paragraph 42.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223796

From the military point of view, we wish to prevent Western Germany from falling under Russian domination. This requirement would be most nearly met by Method 1, *i.e.*, retention of the Ruhr within our area of occupation and its ultimate return to Germany. The feasibility of this must, however, depend upon a political estimate of the possibility of keeping at least Western Germany within the Western democratic zone, and the plan will clearly raise considerable political difficulties.

If Method 1 cannot be adopted, the E.I.P.S. Plan offers a possible compromise. It has, however, the very great disadvantage that it extends Russian influence into Western Germany, and leaves the seed of discontent among the local population, and the danger of future disagreement between the Allies.

The Saar.

16. The French have a good claim to ownership of the Saar mines and for the inclusion of the area in their Customs Union. We consider that their demand will be difficult to refuse, and as there are few military implications to this we should certainly offer no objection on military grounds.

Remaining Territory West of the Rhine.

17. From the military point of view, we can see little object in setting this area up as a separate State, since at best it can only be a small weak unit which would be a continual source of dispute between France and Germany.

18. In order to increase our essential security against attack from the east, whether by Germany or Russia, we should support the indefinite maintenance of French, Belgian and Dutch garrisons throughout the area west of the Rhine. This will apply whatever solution is reached with regard to the Ruhr.

19. We see no necessity to provide a British contingent in this area. If, however, the provision of such a contingent would mean that the Americans would do the same, thereby giving them an indefinite commitment in Europe, we think we should also be prepared to provide a small force.

Conclusions.

20. We conclude that :—

(*a*) Our long-term policy with regard to Germany must take full account of the fact that Russia is a much more dangerous potential enemy than Germany; it cannot be shaped solely from the point of view of preventing a revival of a threat from Germany.

(*b*) We therefore wish, from a military point of view, to bring about a situation in which Western Germany will not be dominated by Russia.

(*c*) In the light of the above, the implications of the three solutions proposed for the Ruhr are as follows :—

(i) Provided we can obtain American co-operation and can convince the French that it is in their long-term interest to agree, and provided that it is coupled with a positive policy towards Germany that will ensure at least Western Germany remaining within the western democratic zone, Method 1 most nearly meets our military requirements.

(ii) Method 2 (E.I.P.S. Plan) presents a compromise but only at the price of Russian participation, to which we are most strongly opposed.

(iii) Method 3 (French Plan) is unacceptable.

(*d*) There are no military objections to acceptance of the French proposals with regard to the Saar.

(*e*) We should only support the French proposals that French, Belgian and Dutch garrisons should be maintained indefinitely in German territory west of the Rhine if the Ruhr and the adjacent Rhineland are also to be occupied by Allied Forces.

(Signed) ALANBROOKE.
TEDDER.
RHODERICK R. McGRIGOR,
V.C.N.S.

Offices of the Cabinet and
Minister of Defence, S.W. 1,
5th April, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

SECRET

OFFICE OF THE PRIME MINISTER

MEMORANDUM

Br Commonwealth Relations – ✓
Prime Ministers' Conference 1946

Prime Minister:

C223797

Re: Meeting of Prime Ministers, London

I have as you requested made a précis of the several messages exchanged since last February regarding the timing and arrangements of the proposed meeting.

I would direct your attention especially to paragraphs 2, 17, 20 and 22.

I am preparing a separate précis on the subjects for discussion which have been mentioned from time to time.

J.A.G.

April 25, 1946

J. A. GIBSON

now attached / J.
28/10/46

revised to May 16, 1946 / J.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

~~CONFIDENTIAL~~ SECRET

J. A. G.
25.4.46

C223798

Note on proposals for a meeting of Prime Ministers of the British Commonwealth, London, 1946.

A. General Arrangements and Timing.

1. The earliest notice of the proposed meeting is in a memorandum from Mr. Wrong dated December 19, 1945.

The intention then was that a meeting of Prime Ministers might be held in conjunction with the proposed Commonwealth discussions on commercial questions. The probable time suggested was the latter part of March (1946).

Mr. Wrong noted the unlikelihood of all the Commonwealth Prime Ministers being able to be in London at that time.

2. Official intimation of the proposed meeting came in a telegram from Mr. Attlee on February 4, 1946 (No.26)

Mr. Attlee thought the time had come when it would be of "great advantage" to arrange a meeting. He appreciated the difficulty of Mr. King being absent for any length of time from Canada, but added that in any event Mr. King might think it desirable to represent Canada at the meeting in Paris of the Peace Conference, which, in accordance with the Moscow Agreement, was due to be arranged for May.

Mr. Attlee's suggestion therefore was that they should try to arrange a meeting in London a week or ten days before the time fixed for the opening of the Paris Conference.

This message was sent also to Mr. Chifley and Field Marshal Smuts. Mr. Fraser was at the moment in London.

3. Mr. King's reply of February 10 (No.26) welcomed the suggestion that a meeting might be arranged in London in May, and expressed Mr. King's intention to arrange Parliamentary business so that he could attend both the London meeting and the Paris Conference.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

4. Mr. Chifley's reply (of Feb.8, repeated to Ottawa as No.2) said a visit to London would only be possible immediately after Easter when Commonwealth Parliament would be in recess. He did not intend to go to the Paris Conference; Dr. Evatt would be Commonwealth Representative at this latter meeting.

5. Field Marshal Smuts reply (of Feb.9, repeated from London as No.377) welcomed the proposed meeting before the Paris Conference.

6. Mr. Attlee sent a further message (Feb.13, No.33) suggesting April 29 for opening date, and that an attempt should be made to ensure the Peace Conference opening about ten days thereafter.

He also sent a draft of a statement intended to be made in Parliament in London on Feb. 18.

7. Mr. King's message of Feb.15 (No.32) stated that arrangements already made for the resumption of the Dominion-Provincial Conference in Ottawa on April 25 would prevent his being in London on April 29. He feared he could not change these plans to involve an absence from Canada earlier than the middle of May.

8) On receiving this message, Mr. Attlee postponed his proposed statement pending further consideration of dates. (Feb.16, No.36)

9) In a further message (Feb.20, No.38) Mr. Attlee asked if to meet Mr. Chifley's commitments to leave London not later than May 5, Mr. King could re-arrange his timetable to make April 29, or at any rate, May 1, possible.

10) Mr. King's reply (Feb.21,No.34) pointed out that matters to be considered by the Dominion-Provincial Conference were "of first importance" to the federal as well as the nine provincial governments concerned; also that the Budget could not be presented to Parliament until the results of the Conference were known.

Mr. King asked if it might not be arranged to have the meeting of Commonwealth Prime Ministers held immediately after the Paris Conference.

11) Mr. Chifley next suggested (Feb.23, repeated to Ottawa as No.3) a meeting in two stages, one as soon as possible after Easter, the second series of consultations at a later date.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

12) To this Mr. Attlee agreed as the best that could be achieved: i.e., a preliminary meeting, with Mr. Chifley and any other Prime Ministers who could attend, shortly after Easter, and a subsequent meeting either before or after the Paris Conference as might prove convenient.
(Feb.25, Circ. D.154~~7~~)

13) Field Marshal Smuts telegraphed it would be practically impossible for him to attend before April 29, but he did not wish this to delay an earlier meeting of other Prime Ministers. (Mar.5 repeated to Ottawa as No.3)
(Note: in the event, he reached London on April ~~22~~ 28).

14) On March 5 Mr. Attlee informed Mr. Chifley (Circ.D.197) that the United Kingdom govt. would be ready to begin meetings with him on April 23.

15) Mr. Fraser informed Mr. Attlee on March 7 (repeated to Ottawa as No.5) that Mr. Nash expected to be available in London at the same time as Mr. Chifley.

16) Mr. Attlee again proposed a public announcement (March 11, Circ.D.214, D. 215, explaining that the first meetings would be with Mr. Chifley and Mr. Nash, with the Prime Ministers of Canada and South Africa joining in discussions as soon thereafter as they were free to do so.

17) Mr. King, commenting on this draft announcement expressed doubt whether the gathering could be called a meeting of Commonwealth Prime Ministers, and suggested that it be definitely stated that it had not been possible to arrange a meeting at which all Prime Ministers of the Commonwealth could be present simultaneously.

Mr. King added that he felt the idea of associating the time of the meeting with the Paris Conference should be adhered to. Unless this were done, it would necessitate either a long wait in London, or two separate visits to Europe which it would be most difficult to arrange.
(March 11, No.67)

18) In a telegram of March 12 (repeated to Ottawa as No.4) F.M. Smuts used almost identical language.

Mr. Attlee thereupon postponed his announcement. (March 12, Circ.D.233)

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

19) Mr. Chifley concurred in the altered form of announcement (March 13, repeated to Ottawa at No.6), and so also did Mr. Fraser (March 13, repeated to Ottawa as No.7)

The announcement, in agreed terms, was therefore made in the House of Commons at Westminster on the afternoon of March 18.

20) There is no further reference to a time of arrival in London of the Prime Minister of Canada until April 11. Mr. Attlee's telegram of that date (Circ.D.348) refers to a third week of the Conference, "when we hope Mr.Mackenzie King will have arrived". (On the time-table specified for the first and second week, the third week would begin on May 7).

(See also Mr. Massey's tel. of April 12, No.937)

21) In a telegram to Mr. Attlee on April 18 (No.148) Mr. King mentioned that he would have to combine in one absence from Canada his participation in the talks in London and his attendance at the Paris Conference. Assuming that the latter would not be delayed beyond the beginning of June, he had made travel arrangements which would bring him to London about May 18. (This would preclude Mr. King's being in London while Mr. Chifley was there, but Mr. King hoped he might see Mr. Chifley in Ottawa on the latter's return journey from London to Australia.)

22) Mr. Attlee's reply (April 21, No.76) suggested there could be no clearer idea of the date of the Paris Conference until after the Foreign Ministers had met in Paris (April 25). He added:

> "We should be very unhappy if the contingency of postponement of the Paris Peace Conference resulted in your missing personal contact with us, Field Marshal Smuts, and the representatives of Mr.Chifley and Mr. Fraser.....It would be a great disappointment to us and to public opinion in this country if it were found impractical to hold some meetings.... with all the Prime Ministers or their representatives present."

Mr. Attlee appealed for Mr. King's arrival by May 6 at the latest if at all possible.

23) Mr. King sent a reply on April 23 (No.155), indicating that after consideration with his colleagues whether he could postpone or rearrange commitments to make possible

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

arrival in London by May 6, all were agreed it would be quite impossible for him to do so.

Mr. King also detailed the questions necessitating his being in Ottawa for some days (e.g. the Budget, United Kingdom Loan legislation. He thought it might be advisable to defer making final the plans for his visit to London; but once a date had been fixed for the Paris Conference, it ought to be possible to find a mutually convenient date for a meeting in London, which might perhaps follow instead of precede the Paris Conference.

J. A. G.

24) In a message dated April 26 Mr. Attlee stated that the situation respecting meetings in London had been changed (a) by the fact that F.M. Smuts would be in London at the same time as Mr. Chifley and Mr. Nash, and (b) by the decision to hold a meeting of the [redacted] Council of Foreign Ministers in Paris. He added:

"The result is that we must, we feel, discuss with [redacted] the three countries who are represented here a number of * questions which are really of very direct interest to Canada. We can postpone these until the week beginning May 6th but hardly longer, as it looks as if it would be necessary to bring the present consultations to a close at the end of that week".

* questions referred to included:

atomic energy	)	"clearly inappropriate"
general policy towards Germany	)	to discuss without Canada being present

Mr. Attlee thought it would be "very unfortunate" if the present discussions were to close in the middle of May without a Canadian representative having taken part; and he hoped Mr. King would be able to send someone to represent Canada at any rate in the discussions beginning May 6. (no difficulty about conferring with Mr. King after the Paris conference, but this would not meet difficulty of week of May 6).

25) Mr. King told Mr. Attlee, in a message dated May 1, that the Cabinet, after consideration, had decided that no one of the Ministers who might take Mr. King's place could be spared.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

All things considered, Mr. King felt best course was to proceed on his original plan to leave (on May 12 (13) without waiting for date of Paris conference to be fixed.

Mr. King added that he was glad to know that some of the Commonwealth representatives were likely still to be in London during the latter part of May, and he looked forward to joining in exchange of views with them on questions of mutual concern. If other questions emerged on which a preliminary indication of the Canadian point of view might be helpful, he hoped Mr. Attlee would feel free to continue to raise them through the usual channels.

26) In a communication of May 7 Mr. Attlee stated it was intended to adjourn the first series of talks on May 8, and to resume them after Mr. King's arrival (May 20 suggested).

At the same time, "papers" covering discussions thus far on

Council of Foreign Ministers, Paris
Peace Treaties with Italy and satellite states
Ruhr and Western Frontier of Germany
Atomic Energy

had been forwarded for Mr. King's information.

27) Mr. Attlee added that on certain questions, particularly those relating to <u>defence</u>, he would like to have the opportunity of <u>separate</u> discussions with Mr. King.

28) Mr. King's reply to Mr. Attlee's message of May 7 (dated May 10 and communicated through Earnscliffe) stated that the records of proceedings so far received indicated a purpose and method of procedure completely different from anything he had been lead to expect. Reviewing earlier exchanges of messages, Mr. King recalled that the agreed announcement of March 18 had specified that the proposal for a meeting of Prime Ministers (as such) had been abandoned, and instead arrangements had then been made to hold "<u>a series of consultations</u>".

Mr. King felt that the printed papers carried with them "in form and substance all the responsibilities that would fall on the shoulders of a Prime Minister at an Imperial Conference." (This would ordinarily involve an agreed agenda circulated in advance for study and discussion at home, plus ministerial representation in addition to Prime Minister, together with expert advisers).

Mr. King said frankly he was not in any position to assume an obligation of this kind on behalf of Canada. He had assured Parliament (as he noticed F.M. Smuts had assured the South African Parliament before leaving the Union) that he expected the discussions to be <u>informal, exploratory, and</u> confined to major matters of mutual interest, in which the representatives would be free tospeak their minds without verbatim records being kept and without reports being given

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

out to the press from day to day. He (Mr. King) would greatly hesitate to participate in proceedings of a more formal character.

Further, he had felt it necessary to let Parliament know, before his departure, exactly the extent to which he might be expected to speak for Canada on any matters which might, ~~in~~ appearances or in reality, commit Canada to any so-called Commonwealth policy either on

defence,	: May 9, 1945
trade preferences,	: Hansard, pp.
international treaty obligations	: 1392-1393

He thought it desirable to be equally explicit about the position he would have to maintain in any consultations in which he might be expected to participate.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

26:4:46/JAG

~~CONFIDENTIAL~~ SECRET C223805

Note on proposals for a meeting of Prime Ministers of the British Commonwealth, London, 1946:

B. SUBJECTS FOR DISCUSSION

1) The Situation in the Pacific
2) Co-ordination of Commonwealth Defence
3) Commonwealth Trade and the Future of Empire Preference
4) Peace Treaties
5) Foreign Policy (a) generally
(b) in relation to future of
Germany
Japan
6) Future of Italian Colonies, etc
7) Atomic Energy
8) Trusteeship
9) Polish armed forces
10) General

S S S

TIMETABLE OF MEETINGS IN LONDON (Mr. Attlee's message of May 10)

Monday, May 20,	3:45 p.m.	Proceedings of Council of Foreign Ministers; peace treaties with Italy, Roumania, Bulgaria, Hungary, Finland.
Tuesday, May 21,	3:45 p.m.	Nationality of Married Women; Ruhr and Western Frontier, Germany
Wednesday, " 22,	1100 a.m.	Atomic Energy
Thursday, " 23,	3:45 p.m.	Commercial policy questions with special reference to imperial preference
Friday, May 24,	1100 a.m.	Any other business (final meeting).

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223806

1. The Situation in the Pacific

(a) first mentioned as "the particular subject of discussion" in Mr. Attlee's telegram of invitation.

(Feb. 4/46, No. 26)

(b) Mr. Chifley and Mr. King concurred.

(c) official announcement made by Mr. Attlee on March 18, 1946, said:

> "The main subject for discussion will be matters pertaining to the Pacific"

(d) Mr. Fraser told the High Commissioner for Canada in Wellington on April 9 (Telegram 27) that main purpose of meeting in Canberra (Chifley, Fraser, Nash) was

> to discuss territorial settlements in Pacific and U.S. claims for certain strategic bases.

N.Z. did not object to joint rights in certain air bases (e.g. in Western Samoa) but

> they were quite opposed to granting of sole rights (i.e. U.S. use was acceptable provided U.K. and Australia enjoyed equal joint rights).

(e) Mr. Attlee subsequently suggested that the above should be discussed during first week of talks

(for second week, see Sections 6,8)
(for third week, see Sections 5,7,4)

(April 11, Circ. D. 348)

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

J. A. G.
26.4.46

~~CONFIDENTIAL~~ SECRET C223807

Note on Proposals for a meeting of Prime Ministers of the British Commonwealth, London, 1946.

B. 2. Coordination of Commonwealth Defence

(a) reported by High Commissioner, London, as a "principal subject" figuring in press reports following Attlee announcement (Mar.4, Tel.621)

(b) subject had been mentioned in White Paper on Defence (Feb.21, CMD 6743)
One extract from Section viii reads:

"His Majesty's Government in the United Kingdom acknowledging to the full the tremendous efforts put forward in the common cause by the whole Commonwealth and Empire, earnestly desire to continue in peace the full partnership established in war. It will be necessary to consider with the governments of His Majesty's Dominions and India the way in which the lessons of the war can be applied to promote consultation and collaboration in defence matters during peace."

(c) The Political Correspondent of the Sunday Times (London) on March 3 wrote that he understood

"particular attention is being given to devising an improvised (sic) system of consultation and co-ordination for defence .... (One method under consideration is) the establishment of an Organization, comparable with the Military Staffs Committee of the United Nations, with appropriate functions in relation to Imperial defence."

(d) Other press reports spoke of a co-ordinated plan for Imperial defence said to have been drawn up by Field Marshal Alanbrooke as a result of his recent tour (through the Mediterranean, India, Australia and New Zealand, but not to Canada, which he last visited in September 1944.)

(e) On this question (as on the related question of Commonwealth trade), Mr. Massey suggested that the public, on the basis of press speculation, might be "led into great expectations"of the Prime Ministers' meetings, and said it would be useful to have any guidance the Department might offer in case the subject attracted still more attention.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223808

(f) The Department's reply is in Tel.695 of March 23. It expresses concern over the possibility that the character and importance of the consultations in prospect for London were being over-emphasized in the United Kingdom.

It assumed this might be due to three main causes

i. profound anxiety over Soviet policy
inevitable uncertainty about continued firmness of U.S. policy
both producing desire to play up strength of Commonwealth as a whole and lay stress on capacity of Commonwealth governments to take concerted action

ii. Labour government anxious to give no ground for charges it was not an effective guardian of Imperial interests

iii. waning faith in capacity of United Nations Organization to be an effective guardian of peace and security had given rise to renewed interest in the military power of the Commonwealth.

(g) On question of Commonwealth defence, it was recalled that no general proposals for post-war co-operation had been made since Lord Cranborne's suggestion at end of Prime Minister's meetings in London in June, 1944;

some plans had been put forward for co-operation in particular tasks (cf. defence research);

official language of U.K. Ministers and in documents which Dept. had seen indicated some desire to see created an organization to plan and direct "Imperial Defence" (suggested that phrase should be dropped from current vocabulary because of unnecessary misunderstanding and irritation, and because it had little value in relation to strategic realities today);

(h) Summary of other reactions contained in Department's reply:

- quite apart from proven war capacity in event of general war, Canadian responsibility for defence of Canadian territory (together with responsibility for defending, in collaboration with U.S. the approaches to northern part of this continent) was a very important aspect of the defence of the British Commonwealth;

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

- Canadian opinion does not think in terms of defending Imperial interests as such (i.e. sharing responsibility for defending areas remote from Canada)

- Canada was deeply concerned that security and strength of whole British Commonwealth should be maintained, but could not conceive this as being effectively safe-guarded by exclusive commonwealth arrangements;

- The strategical interests of the Commonwealth were so diverse that their protection required the co-ordination of defence between individual Commonwealth countries and foreign states.

Note: Following an enquiry from the Acting High Commissioner in South Africa, a memorandum containing the substance of this reply was, on direction, communicated to Field Marshal Smuts for his personal information.
(April 12, No.46)

(j) Suggested by Mr. Attlee (March 27, Circular D. 285)

- defence questions affecting particularly U.K. Australia and New Zealand, especially U.S. request for bases in Pacific Islands

- defence co-operation in forms suitable for the different circumstances of the various members of the Commonwealth

On this latter question, Mr. Massey reported (March 29, Telegram 846) that although the U.K. Government were under pressure from many sides "to urge on other Commonwealth countries a tightly-knit system of Commonweal th defence", Government spokesmen had "consistently fought shy on giving this conception positive support."

(Attention was called to a debate in the House of Lords on March 28, in which close integration of defence planning for the Commonwealth had been urged. In reply, Lord Addison had said:

. . ."There are regional groups of problems in the consideration of which everyone is willing to co-operate. But it is very different from having a group of high-powered, superior persons at the top, who might be tempted to give orders to those nations. That would not work . . ."

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223810

(k) Field Marshal Smuts told Acting High Commissioner for Canada at Capetown (April 10, Telegram 33) he thought U.K. sources might, in interval between his own and Mr. King's arrival in London, try to influence him to modify his attitude so that when Mr. King arrived there would be a lack of uniformity between South African and Canadian ideas on Commonwealth defence.

He asked for a memorandum setting out points mentioned in paragraphs f,g,h, above. This was, on authorization from Ottawa, done.

(l) Attention was called (in Mr. Massey's telegram No. 1026 of April 27, to a TIMES article on "Next Phase of Empire Defence" - reporting a purported plan which included

dispersal of military and industrial resources throughout the Commonwealth; and

redistribution of manpower for new planning and directive organizations

When Mr. Massey enquired at the Dominions Office as to the credence to be attached to this report, it was stated to be "unfortunate"; there was in fact no question of a prepared plan being put forward as a formal submission to Commonwealth Ministers. It would be open to Mr. King when he arrived to say whether he wished to discuss the particular subjects under reference.

(m) The subject of Commonwealth Defence does NOT figure in the provisional timetable circulated by Mr. Attlee (on May 10) for the meetings from May 20 through May 24.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

3. Commonwealth Trade and the Future of Empire Preference

(a) reported by High Commissioner, London, as a "principal subject" figuring in press reports following Attlee announcement (March 4, Telegram 621).

(b) High Commissioner, London, was informed on March 23 (telegram No. 695) that Department had no information that these matters were to be brought up in London.

Such a course did not seem appropriate in view of carefully prepared program leading up to general conference on international trade. (late 1946 or early 1947). Preliminary Commonwealth talks in preparation for conference of drafting countries were scheduled for mid-July.

(c) Field Marshal Smuts suggested (April 3, H.C.L. telegram 882) an exchange of views on trade barriers and Imperial preference

Mr. Attlee's comment (April 6, Circ.D.326) was that discussion of economic subjects at London meetings had not been contemplated because of later meetings on commercial policy

(d) New Zealand Government stated (April 8, repeated to Ottawa as No. 12) that they would welcome "a general exchange of views on trade barriers and Imperial preference."

(e) During the first series of talks ending on May 8, both F.M. Smuts and Mr. ~~XXXXXX~~ Nash had suggested it would be "useful" to have "a general talk about commercial policy and imperial preference". Mr. Attlee had explained that it was suggested that the technical issues involved should be the subject of expert meetings a little later; but it was the general feeling that a brief discussion of principles on the ministerial level would be helpful.

(f) In his message to Mr. Attlee of May 10, Mr. King mentioned that he did not expect any general discussion on commercial policy or imperial preference to be of much value without the presence of the Canadian Minister of Finance.

(g) In the timetable circulated on May 10, commerical policy questions are put down for Thursday, May 23, at 3:45 p.m.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223812

4. Peace Treaties (see also Section 6)

(a) Suggested by Mr. Attlee for third week of talks
(for 1st week, see Sec.1 (April 11, Circ. ,D.348)
(for 2nd week, see Secs. 6,8)

(b) referred to again by Mr. Attlee in following extract (April 21, No. 76)

". . . the meeting of the four Foreign Ministers in Paris may be impelled to reach what may in effect be conclusions, to which we shall be committed, about some of the major issues to be settled at the Paris Peace Conference, and this renders it particularly desirable that we should be in the closest touch with you here while the meeting of the four Foreign Ministers is still going on. . ."

(this latter meeting began on April 25)

(c) Mr. King's reply to this point was as follows: (April 23, No. 155)

"As to the course of events at the Paris Conference, it is my understanding, and I have so informed Parliament, that all states invited to the Conference will have full opportunity to examine the draft treaties on their merits and to express their views and to put forward suggestions for amendments. In this way we would hope that the final treaties would reflect a real concensus of view of the countries participating. This procedure makes it important that the members of the Council of Foreign Ministers should agree to give full weight in drafting the final text of the treaties to the views expressed by the other states represented in the Conference. If these countries' views were to be ignored, it might make it difficult for the governments concerned to secure the support of their parliaments and peoples for the final peace treaties.

In any event, there does not at this stage appear to be any alternative to the procedure already agreed between the Big Three at Potsdam. Certainly I know you will agree that it would not be possible to lay down in advance a Commonwealth policy which the United Kingdom Foreign Secretary could advance at the meeting of the Council in Paris prior to the general Conference at which the countries of the Commonwealth will be separately represented. You will recall that a somewhat similar procedure was suggested at the time of the first meetings of the Council of Foreign Ministers in London in September last, and that the procedure proposed did not work out very well. I should fear possibilities for further misunderstandings if an attempt is made to revive this procedure now."

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223813

4. (d) Commenting on this situation, Mr. Wrong telegraphed the Under-Secretary on April 24 (No. 998). Of representations made to him by Dominions Office, he remarked:

> ". . .in spite of the assurances given us by London and Washington, the Big Four are now unlikely to consent to any departure at the Paris Conference from the main decisions of the Foreign Ministers on the peace treaties. The deterioration of the general situation means that these decisions will be reached only after prolonged bargaining. The real Peace Conference may, therefore, be the Council of Foreign Ministers, and the countries invited later to Paris may only have a choice between signing and not signing the peace treaties. The present, therefore, may be the time to exert influence on the results."

(e) Comment by Mr. Attlee in his message of April 26 (gray).

> " . . there is of course no idea on our part that the Foreign Secretary should advance a "Commonwealth Policy" What we have in mind is that it is of the greatest value to the Foreign Secretary in putting forward United Kingdom views, to know how far these are in harmony with the general views of the other members of the Commonwealth. So far as we are concerned we fully agree with the view which you /Mr. King/ have expressed (in telegram No. 155 of April 23) that each country concerned must have a full opportunity atthe Paris Konference of expressing its views, but we cannot disregard the probable line that the other countries will take at the Council of Foreign Ministers.

(f) The subject was proposed for discussion also in Mr. Attlee's message of May 7 as

> the proceedings of the Council of Foreign Ministers at Paris,and the question of the p eace treaties with Italy and satellite states.

(g) The subject appears, as described above, in the timetable circulated on May 10, with the addition of treaties with Roumania, Bulgaria, Hungary and Finland, for discussion on Monday, May 20, at 3:45 p.m.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

5. Foreign Policy (a) generally

(b) in relation to future of
Germany
Japan

(c) suggested by Mr. Attlee (March 27, Circ. D.285) and for third week of talks (April 11, Circ. D.348)

for first week see Section 1
" second " " " 6,8

(d) suggested by Dominions Office to Mr. Massey (April 12, Telegram 937) as of principal interest to Mr. King,

the future of Germany

(e) suggested in Mr. Attlee's message of May 7 for resumed meetings after May 20:

the Ruhr and the Western Frontier of Germany

and now put down for meeting on Tuesday, May 21 at 3:45 pm

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

00

C223815

6. Future of Italian Colonies and

any other questions arising out of Peace Treaties with ex-enemy countries other than Germany and Japan

(see also Section 4)

Suggested by Mr. Attlee (March 27, Circ. D.285)
and for second week of talks (April 11, Circ. D. 348)

for first week, see Section 1)
" third " " " 5,7,4)

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

7. Atomic Energy

(a) Suggested by Mr. Attlee (March 27, Circ. D. 285) and for third week of talks (April 11, Circ. D. 348)

for first week, see Section 1
" second " " " 6,8

(b) Mentioned by Mr. Attlee on April 26 as a question on which the views of Canada would be of direct interest and concern. On this (he said)

"it will be necessary to discuss with the others the present position, including the latest grave developments relating to the attitude of the United States. But it would clearly be most inappropriate for us to do this withiut Canada being present".

(c) In the timetable circulated by Mr. Attlee (on May 10) for the resumed meetings after May 20, this subject is put down for discussion on

Wednesday, May 22, at 11:00 a.m.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

8. Trusteeship

Suggested by Mr. Attlee (March 27, Circ. D. 285)
and for second week of talks (April 11, Circ. D. 348)

(for first week, see Section 1)
" third " " " 5,7,4)

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

00

9. Polish armed forces

disposal of members of unwilling to return to Poland

raised by Mr. Attlee (April 6, Circ. D. 326)

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

10. General

(a) ". . . the consultations will afford an opportunity for conversations on other matters of common concern.

(Mr. Attlee's announcement, March 18)

(b) Field Marshal Smuts suggested (April 3, HCL tel.882) certain subjects arising directly out of the war, such as:

war marriages,
nationality of married women.

see below (d)

On the latter point, Mr. Attlee had already stated on March 26, in reply to a question in the House of Commons, that the meetings would not afford suitable opportunity to raise this question, as it would not be a full Imperial Conference.

Later (April 6, Circ. D. 326) Mr. Attlee mentioned it was hoped there would be a Commonwealth meeting in summer or autumn to consider certain nationality questions, and it might be thought preferable to leave technical questions until then.

The New Zealand Government agreed in this sense (April 8, No. 12)

(c) Mr. King telegraphed Mr. Attlee (April 18, No. 148) he had no comments on suggested topics, but had been glad to note concensus of opinion that no formal agenda is required or appropriate. He assumed proceedings would not go beyond an informal exchange of views on main questions of mutual concern.

(d) Nationality of married women:
F.M. Smuts had suggested after his arrival in London a preliminary talk about this subject and citizenship. While leaving the technical details to an experts meeting later on, it was felt that a general discussion of principles at the Ministerial level would be helpful.

(e) The question has accordingly been put down for Tuesday, May 21 at 3:45 p.m.

(f) The final meeting (Friday, May 24 at 11:00 a.m.) is for "any other business".

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

aO

J. A. G.
26.4.46

C223820

Confidential

Meeting of Prime Ministers of the British Commonwealth
London, 1956.

C. Hospitality

Mr. Attlee stated on March 5 (Circ.D.197) he hoped that Mr. Mackenzie King (and the other Prime Ministers) will agree to be the guests of the United Kingdom Government during his stay in England.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

W.L.M. KING PAPERS
MG 26 J4

PAGES C223821. to C223831. have been removed from circulation at the request of the Department of External Affairs.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

3. Commonwealth Trade and the Future of Empire Preference

(a) reported by High Commissioner, London, as a "principal subject" figuring in press reports following Attlee announcement (March 4, Telegram 621).

(b) High Commissioner, London, was informed on March 23 (telegram No. 695) that Department had no information that these matters were to be brought up in London.

Such a course did not seem appropriate in view of carefully prepared program leading up to general conference on international trade. (late 1946 or early 1947). Preliminary Commonwealth talks in preparation for conference of drafting countries were scheduled for mid-July.

(c) Field Marshal Smuts suggested (April 3, H.C.L. telegram 882) an exchange of views on trade barriers and Imperial preference

Mr. Attlee's comment (April 6, Circ.D.326) was that discussion of economic subjects at London meetings had not been contemplated because of later meetings on commercial policy

(d) New Zealand Government stated (April 8, repeated to Ottawa as No. 12) that they would welcome "a general exchange of views on trade barriers and Imperial preference."

(e) During the first series of talks ending on May 8, both F.M. Smuts and Mr. ~~MACKENZIE~~ Nash had suggested it would be "useful" to have "a general talk about commercial policy and imperial preference". Mr. Attlee had explained that it was suggested that the technical issues involved should be the subject of expert meetings a little later; but it was the general feeling that a brief discussion of principles on the ministerial level would be helpful.

(f) In his message to Mr. Attlee of May 10, Mr. King mentioned that he did not expect any general discussion on commercial policy or imperial preference to be of much value without the presence of the Canadian Minister of Finance.

(g) In the timetable circulated on May 10, commerical policy questions are put down for Thursday, May 23, at 3:45 p.m.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

J.A. GIBSON

26:4:46/JAG

XXXXXXXXXXXX
CONFIDENTIAL

SECRET

C223833

Note on proposals for a meeting of Prime Ministers of the British Commonwealth, London, 1946:

B. SUBJECTS FOR DISCUSSION

1) The Situation in the Pacific

2) Co-ordination of Commonwealth Defence

3) Commonwealth Trade and the Future of Empire Preference

4) Peace Treaties

5) Foreign Policy (a) generally
(b) in relation to future of
Germany
Japan

6) Future of Italian Colonies, etc

7) Atomic Energy

8) Trusteeship

9) Polish armed forces

10) General

S S S

TIMETABLE OF MEETINGS IN LONDON (Mr. Attlee's message of May 10)

Monday, May 20,	3:45 p.m.	Proceedings of Council of Foreign Ministers; peace treaties with Italy, Roumania, Bulgaria, Hungary, Finland.
Tuesday, May 21,	3:45 p.m.	Nationality of Married Women; Ruhr and Western Frontier, Germany
Wednesday, " 22,	1100 a.m.	Atomic Energy
Thursday, " 23,	3:45 p.m.	Commercial policy questions with special reference to imperial preference
Friday, May 24,	1100 a.m.	Any other business (final meeting).

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

1. The Situation in the Pacific

(a) first mentioned as "the particular subject of discussion" in Mr. Attlee's telegram of invitation.

(Feb. 4/46, No. 26)

(b) Mr. Chifley and Mr. King concurred.

(c) official announcement made by Mr. Attlee on March 18, 1946, said:

> "The main subject for discussion will be matters pertaining to the Pacific"

(d) Mr. Fraser told the High Commissioner for Canada in Wellington on April 9 (Telegram 27) that main purpose of meeting in Canberra (Chifley, Fraser, Nash) was

> to discuss territorial settlements in Pacific and U.S. claims for certain strategic bases.

N.Z. did not object to joint rights in certain air bases (e.g. in Western Samoa) but

> they were quite opposed to granting of sole rights (i.e. U.S. use was acceptable provided U.K. and Australia enjoyed equal joint rights).

(e) Mr. Attlee subsequently suggested that the above should be discussed during first week of talks

(for second week, see Sections 6,8)
(for third week, see Sections 5,7,4)

(April 11, Circ. D. 348)

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

4. (d) Commenting on this situation, Mr. Wrong telegraphed the Under-Secretary on April 24 (No. 998). Of representations made to him by Dominions Office, he remarked:

> ". . .in spite of the assurances given us by London and Washington, the Big Four are now unlikely to consent to any departure at the Paris Conference from the main decisions of the Foreign Ministers on the peace treaties. The deterioration of the general situation means that these decisions will be reached only after prolonged bargaining. The real Peace Conference may, therefore, be the Council of Foreign Ministers, and the countries invited later to Paris may only have a choice between signing and not signing the peace treaties. The present, therefore, may be the time to exert influence on the results."

(e) Comment by Mr. Attlee in his message of April 26 (gray).

" . . there is of course no idea/ on our part that the Foreign Secretary should advance a "Commonwealth Policy" What we have in mind is that it is of the greatest value to the Foreign Secretary in putting forward United Kingdom views, to know how far these are in harmony with the general views of the other members of the Commonwealth. So far as we are concerned we fully agree with the view which you /Mr. King/ have expressed (in telegram No. 155 of April 23) that each country concerned must have a full opportunity atthe Paris Konference of expressing its views, but we cannot disregard the probable line that the other countries will take at the Council of Foreign Ministers.

(f) The subject was proposed for discussion also in Mr. Attlee's message of May 7 as

> the proceedings of the Council of Foreign Ministers at Paris, and the question of the p eace treaties with Italy and satellite states.

(g) The subject appears, as described above, in the timetable circulated on May 10, with the addition of treaties with Roumania, Bulgaria, Hungary and Finland, for discussion on Monday, May 20, at 3:45 p.m.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

4. Peace Treaties (see also Section 6)

(a) Suggested by Mr. Attlee for third week of talks
(for 1st week, see Sec.1 (April 11, Circ. [illegible],D.348)
(for 2nd week, see Secs. 6,8)

(b) referred to again by Mr. Attlee in following extract (April 21, No. 76)

". . . the meeting of the four Foreign Ministers in Paris may be impelled to reach what may in effect be conclusions, to which we shall be committed, about some of the major issues to be settled at the Paris Peace Conference, and this renders it particularly desirable that we should be in the closest touch with you here while the meeting of the four Foreign Ministers is still going on. . ."

(this latter meeting began on April 25)

(c) Mr. King's reply to this point was as follows: (April 23, No. 155)

"As to the course of events at the Paris Conference, it is my understanding, and I have so informed Parliament, that all states invited to the Conference will have full opportunity to examine the draft treaties on their merits and to express their views and to put forward suggestions for amendments. In this way we would hope that the final treaties would reflect a real concensus of view of the countries participating. This procedure makes it important that the members of the Council of Foreign Ministers should agree to give full weight in drafting the final text of the treaties to the views expressed by the other states represented in the Conference. If these countries' views were to be ignored, it might make it difficult for the governments concerned to secure the support of their parliaments and peoples for the final peace treaties.

In any event, there does not at this stage appear to be any alternative to the procedure already agreed between the Big Three at Potsdam. Certainly I know you will agree that it would not be possible to lay down in advance a Commonwealth policy which the United Kingdom Foreign Secretary could advance at the meeting of the Council in Paris prior to the general Conference at which the countries of the Commonwealth will be separately represented. You will recall that a somewhat similar procedure was suggested at the time of the first meetings of the Council of Foreign Ministers in London in September last, and that the procedure proposed did not work out very well. I should fear possibilities for further misunderstandings if an attempt is made to revive this procedure now.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

5. Foreign Policy (a) generally

(b) in relation to future of
Germany
Japan

(c) suggested by Mr. Attlee (March 27, Circ. D.285)
and for third week of talks (April 11, Circ. D.349)

for first week see Section 1
" second " " " " 6,8

(d) suggested by Dominions Office to Mr. Massey
(April 12, Telegram 937) as of principal interest
to Mr. King,

the future of Germany

(e) suggested in Mr. Attlee's message of May 7 for resumed
meetings after May 20:

the Ruhr and the Western Frontier of
Germany

and now put down for meeting on Tuesday, May 21 at 3:45 pm

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223838

6. Future of Italian Colonies and

any other questions arising out of Peace Treaties with ex-enemy countries other than Germany and Japan

(see also Section 4)

Suggested by Mr. Attlee (March 27, Circ. D.285)
and for second week of talks (April 11, Circ. D. 348)

for first week, see Section 1)
" third " " " 5,7,4)

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223839

7. Atomic Energy

(a) Suggested by Mr. Attlee (March 27, Circ. D. 285) and for third week of talks (April 11, Circ. D. 348)

for first week, see Section 1
" second " " " " 6,8

(b) Mentioned by Mr. Attlee on April 26 as a question on which the views of Canada would be of direct interest and concern. On this (he said)

"it will be necessary to duscuss with the others the present position, including the latest grave developments relating to the attitude of the United States. But it would clearly be most inappropriate for us to do this withiut Canada being present".

(c) In the timetable circulated by Mr. Attlee (on May 10) for the resumed meetings after May 20, this subject is put down for discussion on

Wednesday, May 22, at 11:00 a.m.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223840

8. Trusteeship

Suggested by Mr. Attlee (March 27, Circ. D. 285)
and for second week of talks (April 11, Circ. D. 348)

(for first week, see Section 1)
" third " " " 5,7,4)

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

9. **Polish armed forces**

C223841

disposal of members of unwilling to return to Poland

raised by Mr. Attlee (April 6, Circ. D. 326)

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

10. General

(a) ". . . the consultations will afford an opportunity for conversations on other matters of common concern.

(Mr. Attlee's announcement, March 18)

(b) Field Marshal Smuts suggested (April 3, HCL tel.882) certain subjects arising directly out of the war, such as:

war marriages,
nationality of married women.

see below (d)

On the latter point, Mr. Attlee had already stated on March 26, in reply to a question in the House of Commons, that the meetings would not afford suitable opportunity to raise this question, as it would not be a full Imperial Conference.

Later (April 6, Circ. D. 326) Mr. Attlee mentioned it was hoped there would be a Commonwealth meeting in summer or autumn to consider certain nationality questions, and it might be thought preferable to leave technical questions until then.

The New Zealand Government agreed in this sense (April 8, No. 12)

(c) Mr. King telegraphed Mr. Attlee (April 18, No. 148) he had no comments on suggested topics, but had been glad to note concensus of opinion that no formal agenda is required or appropriate. He assumed proceedings would not go beyond an informal exchange of views on main questions of mutual concern.

(d) Nationality of married women:
F.M. Smuts had suggested after his arrival in London a preliminary talk about this subject and citizenship. While leaving the technical details to an experts meeting later on, it was felt that a general discussion of principles at the Ministerial level would be helpful.

(e) The question has accordingly been put down for Tuesday, May 21 at 3:45 p.m.

(f) The final meeting (Friday, May 24 at 11:00 a.m.) is for "any other business".

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C

C223843

PRIME MINISTERS MEETINGS
LONDON

~~Defence~~
~~Bases (Pacific)~~ US/NATO

Peace Treaties
(Procedure)

Future of Germany

~~Egypt~~

~~India~~

Trusteeship
Palestine

General

Extra
Commercial Policy
Canadian Loan to Britain

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

b) Ralston's argument for sending men to africa voice of Canada depends on number of men to go

C223844

One of reasons we put in force we did was we wanted a real voice in the peace

× where & when?

a

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Prime Minister C223845

The most important references in this Record are

18th Meeting (May 22, 1946) and

Memoranda (Documents) Nos. 4, 20, 31.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

J A Gibson

J. A. G.
26.4.46

1

~~CONFIDENTIAL~~ SECRET C223846

Note on Proposals for a meeting of Prime Ministers of the British Commonwealth, London, 1946.

Br Commonwealth Relations - Prime Ministers' Conference, 1946

B. 2. Coordination of Commonwealth Defence

(a) reported by High Commissioner, London, as a "principal subject" figuring in press reports following Attlee announcement (Mar.4, Tel.621)

(b) subject had been mentioned in White Paper on Defence (Feb.21, CMD 6743)
One extract from Section viii reads:

"His Majesty's Government in the United Kingdom acknowledging to the full the tremendous efforts put forward in the common cause by the whole Commonwealth and Empire, earnestly desire to continue in peace the full partnership established in war. It will be necessary to consider with the governments of His Majesty's Dominions and India the way in which the lessons of the war can be applied to promote consultation and collaboration in defence matters during peace."

(c) The Political Correspondent of the Sunday Times (London) on March 3 wrote that he understood

"particular attention is being given to devising an improvised (sic) system of consultation and co-ordination for defence .... (One method under consideration is) the establishment of an Organization, comparable with the Military Staffs Committee of the United Nations, with appropriate functions in relation to Imperial defence."

(d) Other press reports spoke of a co-ordinated plan for Imperial defence said to have been drawn up by Field Marshal Alanbrooke as a result of his recent tour (through the Mediterranean, India, Australia and New Zealand, but not to Canada, which he last visited in September 1944.

(e) On this question (as on the related question of Commonwealth trade), Mr. Massey suggested that the public, on the basis of press speculation, might be "led into great expectations" of the Prime Ministers' meetings, and said it would be useful to have any guidance the Department might offer in case the subject attracted still more attention.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223847

(f) The Department's reply is in Tel.695 of March 23. It expresses concern over the possibility that the character and importance of the consultations in prospect for London were being over-emphasized in the United Kingdom.

It assumed this might be due to three main causes

i. profound anxiety over Soviet policy
inevitable uncertainty about continued firmness of U.S. policy
both producing desire to play up strength of Commonwealth as a whole and lay stress on capacity of Commonwealth governments to take concerted action

ii. Labour government anxious to give no ground for charges it was not an effective guardian of Imperial interests

iii. waning faith in capacity of United Nations Organization to be an effective guardian of peace and security had given rise to renewed interest in the military power of the Commonwealth.

(g) On question of Commonwealth defence, it was recalled that no general proposals for post-war co-operation had been made since Lord Cranborne's suggestion at end of Prime Minister's meetings in London in June, 1944;

some plans had been put forward for co-operation in particular tasks (cf. defence research);

official language of U.K. Ministers and in documents which Dept. had seen indicated some desire to see created an organization to plan and direct "Imperial Defence" suggested that phrase should be dropped from current vocabulary because of unnecessary misunderstanding and irritation, and because it had little value in relation to strategic realities today;

(h) Summary of other reactions contained in Department's reply:

- quite apart from proven war capacity in event of general war, Canadian responsibility for defence of Canadian territory (together with responsibility for defending collaboration with U.S. the approaches to northern part of this continent) was a very important aspect of the defence of the British Commonwealth;

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

- Canadian opinion does not think in terms of defending Imperial interests as suhh (i.e. sharing responsibility for defending areas remote from Canada)

- Canada was deeply concerned that security and strength of whole British Commonwealth should be maintained, but could not conceive this as being effectively safeguarded by exclusive commonwealth arrangements;

- The strategical interests of the Commonwealth were so diverse that their protection required the co-ordination of defence between individual Commonwealth countries and foreign states.

Note: Following an enquiry from the Acting High Commissioner in South Africa, a memorandum containing the substance of this reply was, on direction, communicated to Field Marshal Smuts for his personal information.
(April 12, No.46)

(j) Suggested by Mr. Attlee (March 27, Circular D. 285)

- defence questions affecting particularly U.K. Australia and New Zealand, especially U.S. request for bases in Pacific Islands

- defence co-operation in forms suitable for the different circumstances of the various members of the Commonwealth

On this latter question, Mr. Massey reported (March 29, Telegram 846) that although the U.K. Government were under pressure from many sides "to urge on other Commonwealth countries a tightly-knit system of Commonweal th defence", Government spokesmen had "consistently fought shy on giving this conception positive support."

(Attention was called to a debate in the House of Lords on March 28, in which close integration of defence planning for the Commonwealth had been urged. In reply, Lord Addison had said:

. . ."There are regional groups of problems in the consideration of which everyone is willing to co-operate. But it is very different from having a group of high-powered, superior persons at the top, who might be tempted to give orders to those nations. That would not work . . ."

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

(k) Field Marshal Smuts told Acting High Commissioner for Canada at Capetown (April 10, Telegram 33) he thought U.K. sources might, in interval between his own and Mr. King's arrival in London, try to influence him to modify his attitude so that when Mr. King arrived there would be a lack of uniformity between South African and Canadian ideas on Commonwealth defence.

He asked for a memorandum setting out points mentioned in paragraphs f,g,h, above. This was, on authorization from Ottawa, done.

(l) Attention was called (in Mr. Massey's telegram No. 1026 of April 27, to a TIMES article on "Next Phase of Empire Defence" - reporting a purported plan which included

dispersal of military and industrial resources throughout the Commonwealth; and

redistribution of manpower for new planning and directive organizations

When Mr. Massey enquired at the Dominions Office as to the credence to be attached to this report, it was stated to be "unfortunate"; there was in fact no question of a prepared plan being put forward as a formal submission to Commonwealth Ministers. It would be open to Mr. King when he arrived to say whether he wished to discuss the particular subjects under reference.

(m) The subject of Commonwealth Defence does NOT figure in the provisional timetable circulated by Mr. Attlee (on May 10) for the meetings from May 20 through May 24.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

J.A. Gibson

C223850

J. A. G.
26.4.46

Re Commonwealth Relations - Prime Ministers Conference 1946

Confidential

Meeting of Prime Ministers of the British Commonwealth London, 1946.

C. Hospitality

Mr. Attlee stated on March 5 (Circ.D.197) he hoped that Mr. Mackenzie King (and the other Prime Ministers) will agree to be the guests of the United Kingdom Government during his stay in England.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

W.L.M. KING PAPERS
MG 26 J4

PAGES C223851. to C223855. have been removed from circulation at the request of the Department of External Affairs.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

Printed for the Cabinet. April 1946.

C223856

The circulation of this paper has been strictly limited. It is issued for the personal use of Mr Mackenzie King

52

TOP SECRET. Copy No.

P.M.M. (46) 12.
27th April, 1946.

MEETING OF PRIME MINISTERS.

DRAFT TRUSTEESHIP AGREEMENTS FOR UNITED KINGDOM MANDATED TERRITORIES IN AFRICA.

JOINT MEMORANDUM BY THE SECRETARY OF STATE FOR DOMINION AFFAIRS AND THE SECRETARY OF STATE FOR THE COLONIES.

ON the 17th January, 1946, the Foreign Secretary informed the General Assembly of the United Nations of the intention of His Majesty's Government in the United Kingdom to place Tanganyika, Togoland and Cameroons under the International Trusteeship System. This statement was formally welcomed in a Resolution adopted without dissentient vote on the 9th February. A similar statement was made on behalf of the United Kingdom at the Final Assembly of the League of Nations in April.

2. The General Assembly of the United Nations was also informed that the United Kingdom Government had drawn up draft terms of trusteeship for the three territories in question and had communicated them to certain States regarded as being in any event "States directly concerned." These States were, in respect of Tanganyika, the Union of South Africa and Belgium; and in respect of Togoland and the Cameroons, the Union of South Africa and France. Copies of the draft were also sent to the Governments of China, United States, U.S.S.R. and (in respect of Tanganyika) France, for information only. In a restatement of these intentions to Parliament the Prime Minister added that, as soon as the concurrence of the "States directly concerned" had been obtained, the texts would be communicated to Parliament and to the Legislative Councils concerned. The drafts were communicated to the Governments of Canada, Australia, New Zealand and the Union of South Africa before being formally submitted to the "States directly concerned."

3. The agreement of the Belgian Government to the draft terms of trusteeship for Tanganyika has already been received. No communication has yet been received from the French Government in respect of the proposed terms of trusteeship for the Cameroons and Togoland under British mandate. The South African Government have not so far expressed their formal agreement or disagreement.

4. Field-Marshal Smuts has, however, expressed certain general doubts, mainly on the following points:—

(*a*) the strategic aspects of placing Tanganyika under trusteeship;
(*b*) the danger that, if these territories are placed under trusteeship, the Soviet Union, by its membership of the Trusteeship Council, will acquire an opportunity to interfere in African affairs;
(*c*) the general form of the draft trusteeship agreements; the South African Government would have preferred to see the agreements in a form

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

nearer to that of the "C" mandates, particularly in relation to the two questions of non-discrimination and, in the case of Tanganyika, of closer union with other British East African territories;

(*d*) timing; the South African Government would prefer to postpone further action until Soviet and United States policies have become clearer.

5. The views of the United Kingdom Government on the above points are briefly as follows:—

(*a*) our Chiefs of Staff consider that the draft terms of trusteeship are satisfactory from the strategic point of view;

(*b*) the possibility of foreign interference is inherent in the trusteeship system (as in the mandates system); but if foreign Governments are disposed to make difficulties in regard to African territories, they will be able in any event to do so in one form or another;

(*c*) it would not be practicable to expect international approval for terms of trusteeship for these three territories based on the "C" mandates for other territories; nevertheless, our draft terms represent an important advance on the former "B" mandates, particularly in respect of defence and economic development, and do not, in our view, present any obstacle to closer union between Tanganyika and other British East African territories;

(*d*) we are anxious to proceed with the conclusion of the agreements in order to dispel uncertainty both in East Africa and internationally, and we do not consider that a policy of delay would operate to our advantage.

6. In general, the United Kingdom Government consider themselves committed by the declarations made to the United Nations, to the League of Nations, and also to Parliament, to proceed with placing these three territories under trusteeship. It is in any case important to publish the draft terms of trusteeship as soon as possible for the information of Parliament and the Legislative Councils concerned. As stated above, such publication has already been promised, and it is difficult to justify further delay when it is public knowledge that the terms have already been communicated to the South African Government and a number of foreign Governments. The South African Government have indicated that they would see no objection to immediate publication provided that their approval or disapproval of the terms was not thereby implied.

A.
G. H. H.

Downing Street, S.W. 1,
27*th April*, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

W.L.M. KING PAPERS
MG 26 J4

PAGES C 223858 to C. 223859. have been removed from circulation at the request of the Department of External Affairs.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

Printed for the Cabinet. April 1946.

C223860

SECRET

Copy No. 52

P.M.M. (46) 17.

27th April, 1946.

MEETING OF PRIME MINISTERS.

ECONOMIC AND WELFARE CO-OPERATION IN SOUTH SEAS AND SOUTH-EAST ASIA AREAS.

MEMORANDUM BY THE PRIME MINISTER OF AUSTRALIA.

1. South Seas Regional Commission.
2. South-East Asia Commission.
3. School of Colonial Studies.
4. Short-wave Broadcasts.

1. Proposed South Seas Regional Commission.

The emphasis which has been placed on welfare and increasing living standards during discussions at the Prime Ministers Conference is wholly in accord with the views of the Australian Government which were expressed by the Minister for External Affairs in April 1943 :—

> "Peace and stability in the Pacific in the post-war period can be achieved only by building a way of life in the Pacific in which the varied nations and peoples can live together in peace and prosperity. We can succeed in building such a way of life only if we prepare plans which take into account the legitimate aspirations of the peoples and if we provide a basis for economic development which will provide improving standards for all the peoples of the Pacific."
>
> "The Atlantic Charter promises to the peoples of the Pacific, as well as to the peoples of the more developed parts of the world, freedom from want. The United Nations have a duty to see that this promise is implemented. If freedom from want means anything, it means decent standards of living for all peoples and the end of any possibility of unfair exploitation of weak peoples by those who are stronger and economically more fully developed."

In the Australian-New Zealand Agreement signed in Canberra in 1944, the two Governments agreed—

> "To promote the establishment, at the earliest possible date, of a regional organisation with advisory powers, which could be called the South Seas Regional Commission and on which, in addition to representatives of Australia and New Zealand, there might be accredited representatives of the Governments of the United Kingdom and the United States of America, and of the French Committee of National Liberation."

The Agreement stated the functions of such South Seas Regional Commission to be to secure a common policy on social, economic and political developments in the area, and in particular the commission would—

"(*a*) recommend arrangements for the participation of natives in administration in increasing measure, with a view to promoting the ultimate attainment of self-government in the form most suited to the circumstances of the native peoples concerned;
(*b*) recommend arrangements for material development, including production, finance, communications and marketing;
(*c*) recommend arrangements for co-ordination of health and medical services and education;

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223861

(*d*) recommend arrangements for maintenance and improvement of standards of native welfare in regard to labour conditions and participation of natives in administration and social services;
(*e*) recommend arrangements for collaboration in economic, social, medical and anthropological research; and
(*f*) make and publish periodical reviews of progress towards the development of self-governing institutions in the islands of the Pacific and in the improvement of standards of living, conditions of work, education, health and general welfare.''

Later in 1944 at Wellington the two Governments set out the general form of the proposed Commission :—

'' (*a*) The general form of the Organisation of the South Seas Regional Commission should be as follows :—

(i) The Commission proper which should consist of representatives of the Governments and Administrations in the Region;
(ii) A Secretariat;
(iii) Research and functional bodies established by the member Governments on the advice of the Commission.

(*b*) Provision should be made for associating with the work of the Commission existing research and functional bodies.
(*c*) There should be held regularly a South Seas Conference for the discussion of Pacific Islands problems. This Conference might comprise nominees of Governments represented on the Commission (these nominees to represent administrations, scientific bodies, missionary bodies, and native peoples), together with nominees of international organisations concerned with welfare problems (*e.g.*, the I.L.O. and the Food and Agriculture Organisation).
(*d*) The native peoples shall, wherever practicable, be enabled to take part in the work of the Commission and its agencies.''

It has not been possible so far to establish an organisation for the promotion of welfare and the advancement of native peoples in the Pacific area. Provided the United Kingdom Government is willing to participate, the Australian and New Zealand Governments would undertake to establish the South Seas Regional Commission immediately.

2. Proposed South-East Asia Commission.

Consideration was also given to the establishment of a South-East Asia Commission which would include representatives from Australia and New Zealand and also the United Kingdom, United States, the Dutch and other Governments interested. It was suggested that such a Commission should give at least some attention to air communications, the allocation and disposal of vital raw materials, besides the more strictly welfare aspects such as health, nutrition and social and political developments.

3. School of Colonial Studies.

The Australian Government has already decided to set up in Canberra a School of Pacific Studies. This school will be primarily concerned with research into all aspects of life in the Pacific area, and it is hoped that in due course it shall develop into a valuable centre for study for nationals of all countries interested in the Pacific area.

There is also already in existence a school of Colonial Studies which was set up during the war for the specific purpose of training officers for the administration of territories won back from the enemy. The school is now a civilian school for the training of the administrative officers required in Australia and Australian Mandated territories. The school has performed and will perform a valuable service, and can immediately be adjusted to cater for the needs of the United Kingdom, New Zealand, or other Governments interested in the training of administrators for Colonial or Mandated areas.

It is suggested that one positive means of international co-operation in the Pacific and South-East Asia areas would be to regard the School of Pacific Studies and the School of Colonial Affairs as being appropriate research and teaching organisations for British Commonwealth and other countries concerned with the administration of areas in South-East Asia and the Pacific.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223862

4. Short-wave Broadcasts.

During the war the Australian Government decided to set up a short-wave station which would be the primary instrument of political warfare in the South-East Asia and Pacific areas. Short-wave broadcasts are continuing in many languages, and as the facilities are already there the other Commonwealth Governments may wish to avail themselves of them.

War-time experience has shown that the broadcasts in foreign languages require specialised knowledge of the peoples and countries concerned. There would be great advantage in a close liaison with the South-East Asia Commission and the Pacific Regional Commission, as well as the School of Pacific Studies. It is suggested, therefore, that any short-wave work should also be centred in Canberra.

(Initialled) J. B. C.

Cabinet Office, S.W. 1,
27*th April*, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

The circulation of this paper has been strictly limited.
It is issued for the personal use of Rt. Hon. Mackenzie King.

TOP SECRET

Copy No. 21

C223883

P.M.M.(46) 6th Meeting

28TH APRIL, 1946

PRIME MINISTERS' MEETING

Confidential Annex

REVISION OF ANGLO-EGYPTIAN TREATY

FIELD MARSHAL SMUTS said that he had been greatly concerned to hear that His Majesty's Government were proposing, at the outset of the negotiations for the revision of the Anglo-Egyptian Treaty, to offer to withdraw all British troops from Egypt. For years past Egypt had been considered a vital link in the British chain of communications through the Mediterranean and the Suez Canal. The British Commonwealth, unlike the other two great Powers of to-day, depended for its power and influence on its communications; and the position which we had held for years in Egypt, at the very centre of those communications, should not be cast away without anxious consideration.

MR. BEVIN said that His Majesty's Government had originally intended to propose that all British troops should be withdrawn from Cairo and Alexandria and that combatant troops should be withdrawn from other parts of Egypt, leaving only the administrative troops required for the maintenance of a base in the Canal Zone. They had, however, been advised that, in view of the very strong political feeling on this point in Egypt, the Egyptian Delegation would be obliged to reject such a proposal. The truth was that we had retained our troops for too long in Cairo and Alexandria, and had provoked strong nationalist feelings which would not now be satisfied with anything short of an offer of complete evacuation. The British Delegation had, however, advised that, if an offer of complete withdrawal were made at the outset of the negotiations, this would create an atmosphere in which it would be much easier to conclude satisfactory arrangements under which British troops could rapidly take up positions in Egypt on a threat or outbreak of war. It was in these circumstances that His Majesty's Government had authorised the British Delegation to offer complete withdrawal by specified dates, viz., the evacuation of Cairo and Alexandria by 1948 and complete withdrawal by 1951.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

FIELD MARSHAL SMUTS said that, while he agreed that British troops should be withdrawn from Cairo and Alexandria, he thought it important that the British Commonwealth should maintain a military base elsewhere in Egypt. Such a base, if it was to be effective, must be established and maintained in peace; it could not be improvised on the outbreak of war. It should not be forgotten that the British Commonwealth had won the last war in the Mediterranean - in campaigns based on their prepared positions in Egypt.

During his stay in Cairo in the last few days he had discussed this matter with the King of Egypt. He had told him that South Africa had faced a similar problem in the past. They had wished to terminate the regime under which United Kingdom troops and installations were scattered throughout South Africa; and they had done so by offering Simonstown as a military and naval base for use by United Kingdom troops in peace and in war. By that means South Africa had secured her objective of the withdrawal of United Kingdom troops from all other parts of her territory; and at the same time the essential needs of the United Kingdom had been met.

Field Marshal Smuts said that this seemed to have made a deep impression on the King, and he had subsequently spoken in similar terms to Sidki Pasha. The latter had raised the objection that, as the British already had bases at Malta, Haifa and Cyprus, they had no need of further bases in Egypt. To this the Field Marshal had replied that Egypt was a nodal point in the British line of communications through the Mediterranean and that in his view a British base in Egypt was essential to the defence of the British Commonwealth.

MR. BEVIN said that His Majesty's Government were as anxious as Field Marshal Smuts that the British Commonwealth should retain appropriate military facilities in Egypt. They had been advised that, so long as they indicated their readiness to agree to the complete withdrawal of British troops from Egypt, the Egyptian Government would probably be willing to agree to arrangements which would enable us to maintain installations on their territory in such a condition that British troops could be rapidly re-introduced on a threat of war. They had, however, been advised that it would be inexpedient to seek to secure concessions on bases as a condition of evacuation. If we had sought to force through our original proposals, disorder would have broken out in Egypt and we should probably have had to maintain our position there by force. The resulting situation would have been brought before the Security Council, on the basis that we were retaining British troops in foreign territory against the will of the local Government. If, however, we approached the matter by first offering complete evacuation, as a concession to political feeling in Egypt, there were good prospects

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

that we should be able subsequently to arrive at satisfactory agreements in respect of our essential military needs. In any event, we were not offering to complete the withdrawal of British troops from Egypt until 1951.

FIELD MARSHAL SMUTS said that he was gravely concerned at the risks which were being run. Even though the concession of a base were not made a condition of withdrawal, he would greatly prefer that the two agreements should be made simultaneously; and he still hoped that it might be possible to secure at an early stage satisfactory assurances about the retention of the military facilities required by the British Commonwealth in the Canal Zone.

Cabinet Office, S.W.1.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

C223866

The circulation of this paper has been strictly limited. It is issued for the personal use of W. Mackenzie King.

TOP SECRET. Copy No. 15

P.M.M. (46) 6th Meeting.
28th April, 1946.

MEETING OF PRIME MINISTERS.

CONFIDENTIAL ANNEX.

Revision of Anglo-Egyptian Treaty.

FIELD-MARSHAL SMUTS said that he had been greatly concerned to hear that His Majesty's Government were proposing, at the outset of the negotiations for the revision of the Anglo-Egyptian Treaty, to offer to withdraw all British troops from Egypt. For years past Egypt had been considered a vital link in the British chain of communications through the Mediterranean and the Suez Canal. The British Commonwealth, unlike the other two great Powers of to-day, depended for its power and influence on its communications; and the position which we had held for years in Egypt, at the very centre of those communications, should not be cast away without anxious consideration.

MR. BEVIN said that His Majesty's Government had originally intended to propose that all British troops should be withdrawn from Cairo and Alexandria and that combatant troops should be withdrawn from other parts of Egypt, leaving only the administrative troops required for the maintenance of a base in the Canal Zone. They had, however, been advised that, in view of the very strong political feeling on this point in Egypt, the Egyptian Delegation would be obliged to reject such a proposal. The truth was that we had retained our troops for too long in Cairo and Alexandria, and had provoked strong nationalist feelings which would not now be satisfied with anything short of an offer of complete evacuation. The British Delegation had, however, advised that, if an offer of complete withdrawal were made at the outset of the negotiations, this would create an atmosphere in which it would be much easier to conclude satisfactory arrangements under which British troops could rapidly take up positions in Egypt on a threat or outbreak of war. It was in these circumstances that His Majesty's Government had authorised the British Delegation to offer complete withdrawal by specified dates, viz., the evacuation of Cairo and Alexandria by 1948 and complete withdrawal by 1951.

FIELD-MARSHAL SMUTS said that, while he agreed that British troops should be withdrawn from Cairo and Alexandria, he thought it important that the British Commonwealth should maintain a military base elsewhere in Egypt. Such a base, if it was to be effective, must be established and maintained in peace; it could not be improvised on the outbreak of war. It should not be forgotten that the British Commonwealth had won the last war in the Mediterranean—in campaigns based on their prepared positions in Egypt.

During his stay in Cairo in the last few days he had discussed this matter with the King of Egypt. He had told him that South Africa had faced a similar problem in the past. They had wished to terminate the régime under which United Kingdom troops and installations were scattered throughout South Africa; and they had done so by offering Simonstown as a military and naval base for use by United Kingdom troops in peace and in war. By that means South Africa had secured her objective of the withdrawal of United Kingdom troops from all other parts of her territory, and at the same time the essential needs of the United Kingdom had been met.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223867

Field-Marshal Smuts said that this seemed to have made a deep impression on the King, and he had subsequently spoken in similar terms to Sidki Pasha. The latter had raised the objection that, as the British already had bases at Malta, Haifa and Cyprus, they had no need of further bases in Egypt. To this the Field-Marshal had replied that Egypt was a nodal point in the British line of communications through the Mediterranean and that, in his view, a British base in Egypt was essential to the defence of the British Commonwealth.

MR. BEVIN said that His Majesty's Government were as anxious as Field-Marshal Smuts that the British Commonwealth should retain appropriate military facilities in Egypt. They had been advised that, so long as they indicated their readiness to agree to the complete withdrawal of British troops from Egypt, the Egyptian Government would probably be willing to agree to arrangements which would enable us to maintain installations on their territory in such a condition that British troops could be rapidly reintroduced on a threat of war. They had, however, been advised that it would be inexpedient to seek to secure concessions on bases as a condition of evacuation. If we had sought to force through our original proposals, disorder would have broken out in Egypt and we should probably have had to maintain our position there by force. The resulting situation would have been brought before the Security Council, on the basis that we were retaining British troops in foreign territory against the will of the local Government. If, however, we approached the matter by first offering complete evacuation, as a concession to political feeling in Egypt, there were good prospects that we should be able subsequently to arrive at satisfactory agreements in respect of our essential military needs. In any event, we were not offering to complete the withdrawal of British troops from Egypt until 1951.

FIELD-MARSHAL SMUTS said that he was gravely concerned at the risks which were being run. Even though the concession of a base were not made a condition of withdrawal, he would greatly prefer that the two agreements should be made simultaneously; and he still hoped that it might be possible to secure at an early stage satisfactory assurances about the retention of the military facilities required by the British Commonwealth in the Canal Zone.

Cabinet Office, S.W. 1.
28*th April*, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

The circulation of this paper has been strictly limited.
It is issued for the personal use of Rt Hon Mackenzie King

TOP SECRET

Copy No. 51

C223868

P.M.M.(46) 6th Meeting

MEETING OF PRIME MINISTERS

MINUTES of the Sixth Meeting held at No. 10 Downing Street, S.W.1., on SUNDAY, 28TH APRIL, 1946, at 2.0 p.m.

P R E S E N T:

The Rt.Hon. C.R. Attlee, M.P.,
Prime Minister of the United Kingdom
(In the Chair)

United Kingdom

The Rt.Hon. Ernest Bevin, M.P.,
Secretary of State for Foreign Affairs

The Rt.Hon. Viscount Addison,
Secretary of State for Dominion Affairs

The Rt.Hon. G.H. Hall, M.P.,
Secretary of State for the Colonies

Mr. A. Henderson, K.C., M.P.,
Parliamentary Under-Secretary of State for India

Sir Eric Machtig,
Permanent Under-Secretary of State for Dominion Affairs

Field Marshal Viscount Alanbrooke,
Chief of the Imperial General Staff

Marshal of the Royal Air Force Lord Tedder,
Chief of the Air Staff

Vice-Admiral Sir Rhoderick R. McGrigor,
Vice-Chief of Naval Staff

General Sir Hastings Ismay,
Office of the Minister of Defence

Mr. J.S. Bennett,
Colonial Office

Australia

The Rt.Hon. J.B. Chifley,
Prime Minister of Australia

The Rt.Hon. H.V. Evatt,
Minister of External Affairs

The Rt.Hon. J.A. Beasley,
High Commissioner for Australia

Sir Frederick Shedden,
Secretary of Department of Defence

Dr. H.C. Coombs,
Secretary of Department of Post-War Reconstruction

Dr. J.W. Burton,
Department of External Affairs

New Zealand

The Rt.Hon. W. Nash,
Deputy Prime Minister of New Zealand

Mr. F. Shanahan,
Secretary of Defence Committee

Mr. F.H. Corner,
Department of External Affairs

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223869

South Africa

Field Marshal The Rt.Hon. J.C. Smuts,
Prime Minister of South Africa

The Hon. G. Heaton-Nicholls,
High Commissioner for South Africa

Mr. D.D. Forsyth,
Secretary for External Affairs

Major J.C. Smuts,
A.D.C. to Field Marshal Smuts

SECRETARIAT

Sir Norman Brook
Major-General Sir Leslie Hollis
Mr. C.G. Eastwood
The Hon. F.L. Cumming-Bruce
Group Captain D.C. Stapleton

CONTENTS

Minute No.	Subject	Page
1	FIELD MARSHAL SMUTS	1
2	COUNCIL OF FOREIGN MINISTERS	1
3	DISPOSAL OF ITALIAN COLONIES	1
4	REVISION OF ANGLO-EGYPTIAN TREATY	5

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

FIELD MARSHAL SMUTS

1. MR. ATTLEE welcomed Field Marshal Smuts, who had arrived in London that morning. He was very glad that the Field Marshal had found it possible to come to this country to take part in these consultations.

COUNCIL OF FOREIGN MINISTERS

2. MR. BEVIN gave the meeting an account of the proceedings at the meeting of Foreign Ministers which was being held in Paris.

The attitude of the Soviet Delegation had so far been more conciliatory and helpful than it had been at the first meeting in London in September. Thus, they had accepted at the outset the French proposal that all Delegations should take part in the discussion of all the Peace Treaties - the point of procedure on which the London Conference had broken down - and they had also agreed to the preamble of the draft Italian Treaty, without pressing their earlier objection to the inclusion of a reference to the assistance which Italy had given to the Allied cause after her surrender in 1943. They had also agreed to the appointment of a body of experts to report on the extent to which Italy would be capable of making reparations deliveries. Committees of experts has also been appointed to work out detailed proposals for the distribution of the Italian Fleet, and to consider the economic implications of the French proposals for rectifications of the Franco-Italian Frontier.

The question whether the problems of Austria and Germany should be considered at this meeting of the Council had been discussed and adjourned. The Agenda for the meetings on 29th April and subsequent days had not yet been settled; but it was likely that the Soviet Delegation would press for a very early discussion on the disposal of the Italian Colonies.

DISPOSAL OF ITALIAN COLONIES

3. The Meeting then discussed the attitude to be taken at the Council of Foreign Ministers regarding the disposal of the Italian Colonies. They had before them a memorandum by the Secretary of State for Foreign Affairs (P.M.M.(46) 15) setting out the salient features of the question.

MR. BEVIN recalled that before the meeting of the Council of Foreign Ministers in London in September last, the United Kingdom Government had taken the view that the best arrangement would be on the following lines:-

(a) Tripolitania to be placed under international trusteeship with Italy as Administering Authority;

(b) Cyrenaica to be placed under international trusteeship with the United Kingdom as Administering Authority;

(c) Italian Somaliland together with British Somaliland, the Ogaden and the Reserved Areas, to be placed under international trusteeship with the United Kingdom as Administering Authority;

(d) Eritrea to be given to Ethiopia, except for the North-Western Lowlands which would be joined to the Sudan.

These proposals had not been submitted to the Council because the situation was radically altered by the presentation to them of the United States plan for collective trusteeship and the Soviet demand for Tripolitania.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

The United Kingdom Government thought that the best means of combatting the embarrassing Russian demand was to give conditional support to the United States' suggestion. There was also this argument in favour of supporting the United States proposal that it was much to our interest to engage American responsibility in this field.

The Council of Foreign Ministers had referred the matter to their Deputies for further consideration and report. During their discussions, the United Kingdom representative had suggested that the Peace Treaty with Italy should do no more than provide for renunciation by her of her rights in her Colonies, the disposal of them being left over for later settlement by the United Nations. There were admittedly disadvantages in delay - these were set out fully in the memorandum before the meeting - but on the other hand this course would have the advantage of removing one main difficulty in the way of the negotiations for the peace treaties and it would perhaps be easier a little later on to see the shape of things to come.

Mr. Bevin said that he had asked Mr. Byrnes his present attitude on the question. It appeared that he still remained firmly opposed to the Russian request but equally firmly in favour of collective trusteeship. Mr. Bevin said that the subject would be one of the most important which the Council of Foreign Ministers had to discuss in Paris and much depended on a satisfactory solution of it. It was urgent to settle the terms of the peace treaty with Italy so that some progress might be made with her rehabilitation. The terms of the armistice, even if some relaxation of them were allowed, were too rigid to permit of this. He would welcome the views of Dominion Ministers as to the line he should take. He was himself inclined to the view that he should continue to press that the treaty should only provide for the renunciation of Italian rights, the disposal of the Colonies being left over for later settlement.

FIELD MARSHAL SMUTS said that, while the Italian Colonies in themselves were not of great importance, they were situated in positions from which a hostile nation could strangle the lines of communication between the British group of nations. He was afraid that determination of their future in the atmosphere of today might result in a solution which was not in the best interests of the British Commonwealth. The Commonwealth was going to find it very difficult to maintain in the difficult conditions of the moment the position it had won for itself in the war. Unlike the other great Powers, it was not a compact geographical block, and this made it vitally dependent on the communications between its various parts. If its communications were affected, what remained of its strength? Their security was essential to it. He regarded security in the Mediterranean as important above all other considerations to the future of the Commonwealth.

Great changes were coming over the face of the world. For instance, in Western Europe forces were shaping which might disrupt the whole set-up to which we had been used. Russia was advancing with gigantic strides. She had great power and exercised it ruthlessly. Unless determined efforts were made to protect the Western countries, they would all fall under Russian influence. Field Marshal Smuts thought it most important to define the boundary beyond which we would at all costs stop the infiltration of Russian influence.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

For this reason he regarded the rehabilitation of Italy as most important. It had been a tragedy that the Commonwealth had been at war with Italy. It had no quarrel with the Italian people but only with the dictator who had led them to ruin. We must do everything in our power to help Italy to regain her self-respect and to consolidate her position.

For this reason Field Marshal Smuts said that his own instinct had been to agree with the French proposal that the Italian Colonies should be returned to Italy. This would do much to restore her self-respect and morale and encourage her to look towards the Western European nations for support. If, however, that course was not practicable, then he thought delaying tactics were the best. Possibly in Libya the setting up of an independent state might be the ultimate solution. At the moment, however, let us play for time.

In his opinion, the Russian proposal that she should be given trusteeship over any of the Italian Colonies should be resisted at all costs, particularly in the Mediterranean, where if she obtained a footing the whole of our communications would be endangered. We could not at any price allow the Russians to acquire power in an area which was of vital significance to the future of the Commonwealth.

He was also opposed to the United States proposal for collective trusteeship under the United Nations Organisation. He had the impression that this had not been carefully thought out. The disunity at the Conferences of the four Great Powers was a sufficiently obvious pointer to the difficulties which would result from such a solution. Moreover, the administration of the Italian Colonies would call for the expenditure of large sums of money. He did not think that the members of the United Nations Organisation would be willing to provide it. He did not consider that the United States' proposal would work in practice. And it would open for the Russians the door into the Mediterranean.

MR. CHIFLEY and DR. EVATT agreed that on no account should trusteeship over Tripolitania be granted to the Soviet Government. Not only would there be strategic objections to this course but Russia had no grounds of principle or justice for her claim. Nor did return of any of the colonies to Italy seem to them a good solution, for, as the inhabitants harboured a violent antagonism against Italy, it would invite future trouble. If any country was to be the individual trustee, they thought it should be a British country. The decisive actions in Africa had been won by the forces of the British Commonwealth. Individual trusteeship would certainly be more satisfactory than joint or collective trusteeship. Experience of joint administration was not such as to recommend trusteeship by two, three or four Governments; and it was very uncertain whether an efficient administration could be built up on the basis of the United States' proposals for collective trusteeship by the United Nations Organisation. The administration would be bound to be top-heavy. It should be noted that the United States Government had not suggested collective trusteeship for the Japanese islands in the Pacific in which they had a special interest themselves.

The Australian Government were not in favour of delaying a decision. If the Council of Foreign Ministers did not reach a decision on the subject, the proper authority for doing so would be not the United Nations Organisation but the twenty-one former belligerents who would be represented at the forthcoming

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Peace Conference. France, for instance, had less right to an effective voice than certain other countries who would be represented at the Peace Conference. And there was no reason why members of the United Nations, which had taken no part in the war and had perhaps not even been well disposed to the Allies, should have any voice in the decision.

MR. CHIFLEY said that, in his view, one of the fundamentals of the present world situation was the necessity for us of British-American co-operation. It might be important to build up the strength of other countries - of Italy and France for instance - and to seek their support, but it was of infinitely greater importance to cement our friendship with the United States and to secure their active interest in every part of the world which was also of interest to us. United Nations trusteeship of the Italian Colonies as proposed by them would at least have the advantage that it would ensure that the United States maintained some degree of interest in these countries.

MR. BEVIN said that he entirely agreed as to the necessity of British-American friendship.

MR. NASH said he was completely opposed to acceptance of the Russian request. It might well, he thought, really have been made primarily for bargaining purposes to strengthen the demand for a base in the Dodecanese. British honour was pledged that Cyrenaica should not return to Italian rule. Indeed it would be difficult to reconcile the return to Italy of any of her former Colonies with pledges to have regard to the interests of the inhabitants. He favoured an arrangement for trusteeship by an individual power. No one of the various powers was, he thought, more entitled to such a trusteeship in Libya than the British Commonwealth - or one of its component parts - who had been largely responsible for its conquest. If the British Commonwealth could not obtain the trusteeship of Libya, it might be given to the United States. Failing this, he would agree to collective trusteeship, though he doubted very much whether it would really prove workable.

MR. ATTLEE suggested that the only safe principle to observe was to consider the wishes of the inhabitants. On this basis he did not think that the Russians could establish much of a claim in the Dodecanese. In Libya there seemed little doubt that there would be much support for some degree of independence under the Senussi Sheikh Idris.

Mr. Attlee called attention to the fact that all the Italian Colonies were "deficit areas"; they could not pay their way. The administration of them, even on a care and maintenance basis, was costing the United Kingdom a considerable sum and any Power which became responsible for their administration would have to be ready to spend money on it.

MR. NASH said that, if any one of the British Commonwealth Powers obtained the trusteeship of the Italian Colonies, it would be largely to secure the strategic communications of the Empire and he suggested that it would be reasonable that other parts of the Empire should share the cost.

FIELD MARSHAL SMUTS thought that the strategic benefit of administration of these areas would be worth considerable expenditure of money.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

MR. HALL said that he had been impressed by the unanimity of view in favour of individual trusteeship and of the United Kingdom being the trustee. It seemed, however, unlikely that it would be possible to get agreement to any one of the Great Powers being given individual trusteeship of any of the Italian Colonies. If the United Kingdom were to become individual trustee for Libya, Russia would probably stake a claim for trusteeship over Somaliland or Eritrea. Failing individual trusteeship, there seemed to him only two possible solutions: collective trusteeship or independence.

After further discussion, MR. ATTLEE said that it seemed to him that there was a fair measure of agreement on the subject among those present. It was agreed that Mr. Bevin should be guided in his negotiations by the views expressed. If the negotiations made progress while Dominion Ministers were still in this country, it should be possible for him to consult them further before final decisions were reached.

REVISION OF ANGLO-EGYPTIAN TREATY

4. An exchange of views took place on the attitude to be adopted by the British Delegation which was to negotiate in Cairo the revision of the Anglo-Egyptian Treaty.

The discussion is recorded in a Confidential Record.

Cabinet Office, S.W.1.

28TH APRIL, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

The circulation of this paper has been strictly limited.
It is issued for the personal use of Mr Mackenzie King

TOP SECRET

Copy No. 27

C223875

P.M.M.(46) 7th Meeting

MEETING OF PRIME MINISTERS

MINUTES of the Seventh Meeting held at No. 10, Downing Street, S.W.1, on MONDAY, 29TH APRIL, 1946, at 3.30 p.m.

PRESENT:

The Rt. Hon. C.R. Attlee, M.P., Prime Minister of the United Kingdom (In the Chair)

United Kingdom

The Rt. Hon. Viscount Addison, Secretary of State for Dominion Affairs

Mr. Hector McNeil, M.P., Parliamentary Under-Secretary of State for Foreign Affairs

Mr. Arthur Henderson, M.P., Parliamentary Under-Secretary of State for India

Mr. A. Creech Jones, M.P., Parliamentary Under-Secretary of State for the Colonies

Sir Eric Machtig, Permanent Under-Secretary of State for Dominion Affairs

Field Marshal Viscount Alanbrooke, Chief of the Imperial General Staff

Marshal of the Royal Air Force Lord Tedder, Chief of the Air Staff

Vice-Admiral Sir Rhoderick R. McGrigor, Vice-Chief of Naval Staff

General Sir Hastings L. Ismay, Office of the Minister of Defence

Mr. A.H. Poynton, Colonial Office

Australia

The Rt. Hon. J.B. Chifley, Prime Minister of Australia

The Rt. Hon. H.V. Evatt, Minister of External Affairs

The Rt. Hon. J.A. Beasley, High Commissioner for Australia

Sir Frederick Shedden, Secretary of Department of Defence

Mr. J.D.L. Hood, External Affairs Liaison Officer in London

Dr. H.C. Coombs, Secretary of Department of Post-War Reconstruction

Dr. J.W. Burton, Department of External Affairs

New Zealand

The Rt. Hon. W. Nash, Deputy Prime Minister of New Zealand

Mr. F. Shanahan, Secretary of Defence Committee

Mr. F.H. Corner, Department of External Affairs

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223876

South Africa

Field Marshal The Rt. Hon. J.C. Smuts,
Prime Minister of South Africa

The Hon. G. Heaton-Nicholls,
High Commissioner for South Africa

Mr. D.D. Forsyth,
Secretary for External Affairs

Mr. R. Jones,
South Africa House

SECRETARIAT:

Sir Norman Brook
Sir John Stephenson
Major-General Sir Leslie Hollis
Mr. C.G. Eastwood
The Hon. F.E. Cumming-Bruce

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TRUSTEESHIP

Draft Agreements for United Kingdom Mandated Territories in Africa

The Meeting had before it a memorandum (P.M.M.(46) 12) outlining the background of the United Kingdom Government's proposals for placing Tanganyika, British Togoland and the Cameroons under trusteeship.

MR. CREECH JONES said that the United Kingdom Government had thought it right to take the lead in this matter. The United Kingdom had always supported very strongly the principle of the mandate system; the principle of trusteeship was one which had long been advocated by the Labour Party and indeed by liberal opinion generally in the United Kingdom. Obviously there could be no question of obtaining international agreement for any policy towards the mandated territories less liberal than that represented by the mandates; and there was a distinct advantage in taking the initiative in supporting the new system. A declaration of the Government's decision to place the three territories under trusteeship was accordingly made to the United Nations General Assembly; and a further statement of intention had been made and endorsed at the Final Session of the League of Nations Assembly.

As regards the proposed terms of trusteeship, they were based on those of the 'B' class mandates. But the draft Agreements marked an important advance in two respects. First, the limitations imposed by the mandates in regard to defence had been abandoned and adequate authority taken for defence measures. Secondly, the provision that there should be economic equality for all was now subject to the overriding principle that this must not conflict with the well-being of the inhabitants. In the case of Tanganyika, care had been taken so to draft the proposed terms of trusteeship to ensure that it would not preclude closer association with neighbouring territories. The question whether any of the territories should be designated strategic areas under the Security Council had been considered, but the decision had been against this course. The Chiefs of Staff had reported that the draft terms were generally acceptable from the aspect of security.

Mr. Creech Jones said that the draft Agreements for the Cameroons and Togoland had been sent to the French and South African Governments and that for Tanganyika to the Belgian and South African Governments for their concurrence as being in each case "States directly concerned". The Belgian Government had intimated their concurrence. The reply of the French Government was still awaited. It was desired that Parliament and the Legislative Council of the territories concerned should have the fullest opportunity to consider the terms and the United Kingdom Government were anxious to proceed with publication. He understood that the South African Government had felt some diffidence in regard to the terms, but he expressed the hope that they would now feel able to signify their concurrence.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

FIELD MARSHAL SMUTS said that he did not wish to make any further representations to the United Kingdom Government in regard to the three draft Trusteeship Agreements. He had already drawn attention to the points on which he desired the United Kingdom Government to be fully satisfied. The South African Government had no objection to the United Kingdom Government's proceeding with publication of the draft Agreements.

He assumed that the arrangements of Dominion Governments in respect of their mandated territories would not be prejudiced by the action of the United Kingdom Government. South West Africa was in a special position and the South African Government contemplated a settlement on different lines for this territory. After the 1914-18 war South Africa had refrained from annexing South West Africa, in deference to President Wilson's wishes, but the 'C' mandate terms had given her very extensive rights there. A new situation had been presented with the close of the mandate system, but he did not wish on this occasion to go into the question of the course desired by the South African Government.

Field Marshal Smuts expressed concern lest under the new trusteeship system the administering Governments should not have power to limit or control immigration. There had been adequate powers under the 'C' mandates, but not under the 'B' mandates, with the result that Tanganyika had had at the outbreak of the war in 1939 more German than British inhabitants. He would not regard as satisfactory a situation in which that could happen again. In the case of South West Africa, if South Africa could not obtain agreement on reasonable conditions to the course which she now proposed, she would continue to administer the country under the terms of the existing mandates. The United Nations Charter seemed to provide that this might be done, though as the League of Nations had now been wound up there could, of course, be no Permanent Mandates Commission to whom she would be able to report. The French might follow the same course. It was not indeed impossible that the United Kingdom would be the only mandatory power to place territories under trusteeship, apart from Belgium who in respect of Ruanda-Urundi could hardly do other than follow the United Kingdom's lead.

Field Marshal Smuts considered that the opportunity for mischief-making would be much greater under the trusteeship system than under the mandate system. The Permanent Mandates Commission had been composed of experts, appointed not as representatives of their countries, but as individuals. Most of them had in fact been nationals of small States with no direct interest in the mandated areas. The Trusteeship Council, on the other hand, would be composed of the representatives of States, including the Great Powers, and they would be bound to be swayed in their decisions by political factors. Experience of recent months did not inspire confidence in the prospect of their working in harmony without regard to their own interests. South Africa would, therefore, proceed with caution. The members of the British Commonwealth which held mandates had, he thought, done their best, in a purely humanitarian spirit, for the inhabitants of the mandated territories; in South West Africa conditions

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

had certainly become incomparably superior to those of the previous German rule. But he feared that now power politics would be introduced under decent pretences into a system which was meant to be humanitarian in nature.

DR. EVATT said that he agreed entirely with the action taken by the United Kingdom. If the draft Trusteeship Agreements which she had circulated were approved he thought that they would be a considerable improvement on the existing 'B' mandates, in their provisions regarding defence, equality of opportunity and the possibility of association with neighbouring territories.

The mandated territories in the Pacific were under 'C' mandates. These, like the 'B' mandates, contained provisions for the benefit of the native population and for the prevention of the use of the territories for defence purposes. Under the trusteeship system, the obligations to promote the advancement of the people would remain as before, but there would be much more satisfactory provisions regarding defence. Australia and New Zealand had observed the obligation to undertake no defensive measures in their mandated territories, but the Japanese had not done so. It would be necessary for Australia that she should in future be able to establish defence arrangements in New Guinea. Under the new system she would be entitled to do so; and, indeed, there would be a positive obligation under Article 84 of the Charter to "ensure that the trust territory shall play its part in the maintenance of international peace and security".

Dr. Evatt did not share Field Marshal Smuts's fears that the provisions of the Charter would permit undesirable immigration. The drafting of Article 76 of the Charter had been the subject of much discussion at San Francisco. In its final form the provision about equal treatment for the nationals of all members of the United Nations was subject to the obligation to promote the advancement of the people of the country. It would clearly not promote the advancement of the people of New Guinea to permit the immigration of Orientals to that country. Therefore, he thought Australia could exclude Orientals from New Guinea just as they excluded them from Australia.

Nor was he afraid of undue interference by other nations. The nations on the Trusteeship Council would have no executive powers whatever and he did not see why their activities should be more troublesome than those of the Permanent Mandates Commission.

The definition of the term "States directly concerned" was undoubtedly difficult. He would have been inclined to interpret it as meaning the Principal Allied and Associated Powers during the Great War. The United Kingdom had in practice submitted her draft Agreements to neighbouring countries.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223880

Dr. Evatt said that he thought the objectives of the system were good; the Australian Government had played their part in establishing it and should give a lead in placing the mandated territories for which they were responsible under it.

MR. NASH said that he thought the new system was a great advance on the old system. The only territory which New Zealand held under mandate was Western Samoa. They proposed that it should be placed under trusteeship and they were now preparing a draft agreement which they proposed to submit to Australia, the United Kingdom, the United States and France, as the States directly concerned.

He agreed with Dr. Evatt that on the defence aspect the new arrangements were very much better than the old since they would permit the trusteeship power to defend the territory itself and to use it for defence of the region of which it formed part. He also agreed with Dr. Evatt's view that the provisions of the Charter would not permit undesirable immigration. It would certainly not be in the interests of Western Samoa if Chinese or Indians were allowed to enter that territory in any number.

FIELD MARSHAL SMUTS said that he hoped that Dr. Evatt and Mr. Nash were right in this view. He could not himself help wondering whether it would be possible to keep these territories permanently barred against immigration from China and Japan. There was, of course, no question of immigration from Japan at the moment, but eventually Japan would emerge from her present subjection. China was a Great Power and would herself be on the Trusteeship Council.

Cabinet Office, S.W.1.

29TH APRIL, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

The circulation of this paper has been strictly limited.
It is issued for the personal use of Mr Mackenzie King

TOP SECRET

Copy No. 52

C223881

P.M.M.(46) 18

29TH APRIL, 1946

MEETING OF PRIME MINISTERS

PALESTINE

Note by the Secretaries

The Report of the Angl-American Committee of Inquiry into Palestine and the Condition of Jews in Europe was received last week by the United Kingdom and United States Governments. It is to be published on the evening of Tuesday, 30th April, to appear in the morning papers on Wednesday, 1st May.

By direction of Mr. Attlee, we circulate herewith a copy of Chapters I, IX and X of the Report. These are the most important parts of it. We also circulate a Report containing the preliminary comments on it of the Chiefs of Staff.

It is proposed that these documents should be discussed at the meeting to be held at 3.30 p.m. on Tuesday, 30th April.

(Signed) NORMAN BROOK
J.E. STEPHENSON

Cabinet Office, S.W.1.

29TH APRIL, 1946

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

W.L.M. KING PAPERS
MG 26 J4

PAGES C223882 to C223911 have been removed from circulation at the request of the Department of External Affairs.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

C223912

The circulation of this paper has been strictly limited. It is issued for the personal use of Wm Mackenzie King

TOP SECRET Copy No. 52

P.M.M. (46) 14.

1*st May*, 1946.

MEETING OF PRIME MINISTERS.

THE PROBLEM OF THE DISPOSAL OF THE POLISH ARMED FORCES.

MEMORANDUM BY THE PARLIAMENTARY UNDER-SECRETARY OF STATE FOR FOREIGN AFFAIRS.

1. The Polish Armed Forces under British Command number over 200,000 men, of whom over half are in Italy and the rest in the United Kingdom, Germany and the Mediterranean, and in the Royal Air Force and the Polish Navy. There are, in addition, some 21,000 Polish civilians in this country, of whom less than half have a claim to be regarded as residents, and there are also 37,000 civilian refugees in East Africa, South Africa, India, New Zealand, Palestine and the Lebanon, over 27,000 of whom are parents or children of members of the Armed Forces.* The total number to be dealt with is therefore of the order of 250,000, not counting dependants acquired by the men since leaving Poland, *e.g.*, Italian wives of the Polish 2nd Corps.

2. In a statement relating to the Crimea Conference which was made by Mr. Churchill on the 27th February, 1945, he said :—

> "His Majesty's Government are resolved that as many as possible of the Polish troops shall be enabled to return in due course to Poland, of their own free will and under every safeguard, to play their part in the future life of their country. In any event, His Majesty's Government will never forget the debt they owe to the Polish troops who have served them so valiantly, and for all those who have fought under our command I earnestly hope it may be possible to offer them citizenship and freedom of the British Empire if they so desire. I am not able to make a declaration on that subject to-day because all matters affecting citizenship require to be discussed between this country and the Dominions, and that takes time."

3. The present policy of His Majesty's Government in the United Kingdom on this question was defined in a statement issued on the 20th March, after consultation with the Polish Provisional Government, to all members of the Polish Armed Forces under British Command, setting out the issues before them and urging them to decide now to return to Poland on the strength of assurances received from the Polish Provisional Government. In that statement His Majesty's Government took the line that no guarantee of settlement in British territory, or of British naturalisation for all members of the Polish Armed Forces under British command could be given, but that His Majesty's Government would be ready, in collaboration with other Governments, to give what assistance they could, when the time came, to enable those who had fought with us throughout the war and had finally decided not to return to Poland to begin, with their dependants, a new life outside their own country.

* It is estimated that the approximate numbers in the different parts of the Commonwealth are Canada 500; Australia 250; New Zealand 800; Union of South Africa 500; Southern Rhodesia 1,500; India 5,000; East Africa 18,000 and Palestine 5,000.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

4. From the reports so far received it appears that the distribution of these statements was carried out by General Anders and the other commanders without comment and propaganda, and that on the whole the Polish commanders appear to have refrained from attempts to influence the men one way or the other in making their decisions. Privately, however, General Anders has expressed the opinion that the terms would discourage rather than encourage repatriation on the ground that they preclude the vast majority of his troops from returning to Poland with any degree of personal safety.

5. It is too early as yet for the United Kingdom Government to be able to estimate with any degree of accuracy the number of men who will elect to return to Poland, but it is already evident that the great majority will refuse to go. On this assumption provision must be made for their early removal from Italy, except for such number as it may be possible to receive into civil life there—a matter on which the United Kingdom Government are making approaches to the Italian Government. The total number of Polish troops for whom resettlement arrangements must be made, including those already in the United Kingdom, may be of the order of 170,000–200,000, and it is clear that provision for their accommodation, even temporarily, would represent a serious burden on the resources of this country which the United Kingdom Government ought not to be expected to bear alone. It would represent an increase of the total existing alien population by some 60–70 per cent.; and if dependants are to be added as well the increase may be as much as 150 per cent. or even more.

6. There is a number of possible outlets for these men, including :—

(*a*) Absorption into the British Armed Forces and into industry, mining, agriculture, public works and other jobs in this country.

(*b*) Absorption into the countries of Western Europe, with the possible exception of Scandinavia, as well as into the United States and Latin American countries.

(*c*) Absorption into other parts of the British Commonwealth and Empire.

7. The United Kingdom Government are actively pursuing the question of utilising the services of these men in industry in this country and taking a proportion of them into the Armed Forces. It is hoped that it will be possible to absorb a substantial number in relief of the existing man-power deficit, but it is evident that it will not be possible to deal with more than a relatively small proportion of the whole in this way.

8. As regards foreign countries, preliminary enquiries have been set on foot. The French and Belgian Governments have so far undertaken to receive only members of the Polish Armed Forces who were resident in France and Belgium before the war. It appears unlikely that the Belgian Government will be prepared to take any more, but there is some possibility that the French Government may be persuaded to accept further numbers after the conclusion of negotiations about the importation of Polish labour which are now going on with the Polish Provisional Government. Replies are awaited from the Scandinavian countries, but the prospects of absorbing any significant numbers in those countries are not thought to be very favourable.

The United States Government have undertaken to look into the question, but the possibility that they will be able to offer much assistance is narrowed by the special efforts which they are already making to facilitate within the framework of the quota the immigration to the United States of displaced persons, the majority of them orphaned children. It is, however, of some interest that, according to a *New York Times* report of the 19th April, Lt.-General John C. H. Lee, Commander of the American Forces in the Mediterranean, has proposed that a haven be found in the United States "for at least a large portion of the 107,000 Polish soldiers of General Anders' Army." According to the same report, the United States War Department has confirmed that Lt.-General Lee's recommendation has been received and referred to the State Department for further study.

Some of the Latin American countries, in particular Chile, Brazil, the Dominican Republic, Bolivia and Guatemala, have shown favourable preliminary reactions to enquiries as to their attitude, and if their replies are taken at their face value these countries may ultimately absorb a number of the order of 20,000–30,000.

9. Even putting the most favourable construction on the replies so far received, it is clear that we cannot rely on a contribution from foreign countries

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

that will do much more than touch the fringe of the problem, and the United Kingdom Government are of opinion that even to achieve this it will be necessary to give a lead to foreign Governments. This would have the further advantage that we should be in a position to take the best of the Poles and those with the most valuable technical qualifications, and not allow foreign countries to skim the cream of possible settlers.

10. The possibility of finding a home for some in the Colonies is being considered. But present indications are that the numbers they can absorb will not be large.

11. It is clear that, when all these possibilities have been exhausted, there will still remain the problem of disposing of a very considerable number of Poles.

H. McN.

Foreign Office, S.W. 1.,
1*st May*, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

C223915

The circulation of this paper has been strictly limited. It is issued for the personal use of Mr. Mackenzie King Canadian Delegation.

TOP SECRET

Copy No. 52

P.M.M. (46) 19.
1*st May*, 1946.

MEETINGS OF PRIME MINISTERS.

ATOMIC ENERGY.

NOTE BY THE SECRETARIES.

WE circulate the following papers herewith :—

Annex I.—A note on Research and Development in Atomic Energy in the United Kingdom.

Annex II.—A note on the proposals for the International Control of Atomic Energy.

(Signed) NORMAN BROOK.
J. E. STEPHENSON.

Cabinet Office, S.W. 1,
1*st May*, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223916

ANNEX I.

RESEARCH AND DEVELOPMENT IN ATOMIC ENERGY IN THE UNITED KINGDOM.

THE following is an outline of the plans being made for the development of atomic energy in the United Kingdom :—

2. During the war the first essential was the production of bombs for use against the enemy at the earliest possible moment, and it was decided that this implied the concentration of the main effort in the United States. Some research was carried on in this country. A certain number of our atomic physicists were working on Radar and were, therefore, not available. Of the remainder, however, the great majority were sent to the United States to take part in the project and to Canada where an experimental pile was being built.

General Organisation.

3. The Government now feel that it is essential to develop our work on this subject on a much larger scale in the United Kingdom. The wider aspects of policy are dealt with by a Ministerial Committee under the Chairmanship of the Prime Minister. To advise him, an Advisory Committee on Atomic Energy was set up under the Chairmanship of Sir John Anderson, consisting of officials of the Departments concerned, together with a number of representative men of science. In view of the scale and nature of the work involved, and the need for close touch with the engineering industry, departmental responsibility for it has been entrusted to the Ministry of Supply. The work is divided into two main sections, (i) research and development and (ii) production. To act as head of the organisation for production and other aspects of atomic energy, apart from the direction of research, the Government has appointed Marshal of the Royal Air Force Viscount Portal of Hungerford. Research and development will be carried on at an experimental station which is being established for the purpose at Harwell, near Didcot, the Director of which will be Professor J. D. Cockcroft. It may be found desirable that certain later stages of development work up to large pilot plant scale should also be carried on elsewhere. Some further details of the work to be carried out under these two heads are given below.

Experimental Establishment.

4. The experimental establishment is intended to cover all aspects of atomic energy and will therefore be concerned in large part with the development of atomic energy for peaceful purposes, though provision will also have to be made (either at the establishment or elsewhere) for work on military applications. In addition to the determination of necessary physical, chemical and metallurgical data, the activities of the establishment will include the construction on a pilot scale of plants for the production of useful energy from nuclear fission. The equipment of the establishment will include a small air-cooled graphite pile dissipating about 6,000 kilowatts. In addition, a small number of units of the plant used for the electro-magnetic process in the separation of U235 will be installed, both for the separation of isotopes and in order to develop our knowledge of the process.

5. A permanent airfield at Harwell, near Didcot, has been made available for the site of the establishment, and buildings are now being converted. The capital cost of the establishment is estimated at approximately £2½ millions, of which about one quarter will be needed for the construction of the small experimental pile. The running cost when the full staff has been assembled is expected to amount to about £500,000 a year, exclusive of work connected with military applications of atomic energy.

6. It is estimated that approximately 200 graduate scientists will be required and the total staff, including laboratory assistants, work people and draughtsmen, administrative and clerical officers, &c., will amount to some 800–1,000. It is hoped that these needs may be met to some extent by arranging for scientists to be seconded to the project on a part-time or temporary basis from the Universities.

[31746—2].

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223917

7. It is proposed that, subject to the needs of military security, the work of the establishment shall be carried on under conditions which, as regards freedom of discussion and publication of results, shall approximate as closely as possible to those of a University.

Large-Scale Production.

8. The Government have also been considering plans for producing on a large scale in the United Kingdom the fissile materials which may be used as a source of atomic energy :—

(*a*) for research and development;
(*b*) for eventual large-scale industrial application;
(*c*) for military applications.

The conclusions reached by the United Nations Commission on Atomic Energy will of course affect the eventual use to be made of these materials.

9. The general position is that two main processes have been developed for the use of uranium as a source of atomic energy, in the first of which the rare isotope U235 is separated from ordinary uranium, while in the second plutonium (element 94) is produced in a pile. After a review of the properties of these materials is has been decided to concentrate for the present on the production of plutonium, though the Government are keeping an open mind on the need for building a plant later for the separation of U235 should technical development make that course desirable.

10. The Government are therefore proposing to construct in the United Kingdom one or possibly later two graphite piles to supply material for these purposes. It will necessarily be some time before we can hope to produce the quantity needed for research and development in this country.

Nuclear Physics.

11. The Government are well aware that schemes for the utilisation of atomic energy can only flourish in the midst of thriving research in nuclear physics. The plans for this are not complete pending the return of many of our workers from North America. But the provision of apparatus for accelerating charge particles to high energies and for the study of the nuclear reactions initiated by these particles is well advanced. At two centres cyclotrons are already built and at others plans are in different stages of completion for the installation of high energy apparatus of various types, including apparatus designed to reach energies not hitherto attained artificially.

Legislation.

12. The Government have been preparing a draft Bill for the control of all atomic energy activities in the United Kingdom, and it is understood that certain Dominion Governments are contemplating similar legislation. Copies of the draft United Kingdom Bill will be forwarded to Dominion Governments as soon as its terms have been settled and the United Kingdom Government would be grateful if copies of any Bills which Dominion Governments may have it in mind to introduce could similarly be sent to them for their information. The subject is a new and difficult one, and points may arise on which an exchange of ideas would be helpful.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223918

ANNEX II.

INTERNATIONAL CONTROL OF ATOMIC ENERGY.

THE United Nations Commission will shortly begin its deliberations. These will focus the discussions which have been proceeding in many countries on the international control of atomic energy. Canada and Australia are both members of the Commission.

2. The Terms of Reference of the Commission are set out in four paragraphs of the Assembly Resolution of the 6th January, 1946 (Appendix "A"). The first deals with the exchange of basic scientific information for peaceful ends, and the remaining three with the control of atomic energy and the safeguards necessary to ensure that it should be effective. The Resolution also declares that the work of the Commission should proceed by separate stages, the successful completion of each of which will develop the necessary confidence of the world before the next stage is undertaken.

3. All methods of international co-operation in the field of energy fall into two classes : those which do not and those which do involve some modification of existing conceptions of national sovereignty. Measures in the former class are, of course, much easier of achievement, and may be very valuable in the preliminary stage of building up confidence between nations; but they could at best go only part of the way towards the final objective of guaranteeing the world against the development of atomic energy for other than peaceful ends. Measures in this first class include the interchange between countries of scientific information and of scientific workers and the pooling of information about raw materials. Simple agreements to outlaw the use of atomic weapons would also fall within this category.

Exchange of Information.

4. In the Washington Declaration by the President of the United States, the Prime Minister of the United Kingdom and the Prime Minister of Canada, the three Governments stated that "the basic scientific information essential to the development of atomic energy for peaceful purposes has already been made available to the world" and declared their "readiness to proceed with the exchange of fundamental scientific information and the interchange of scientists and scientific literature for peaceful ends with any nation that will fully reciprocate."

5. Action to implement this declaration rests, in the first place, with the three Governments who at present control the information on atomic energy accumulated during the war. They must, in their domestic measures of control, allow scientists full freedom to exchange ideas and information with their scientific colleagues at home and abroad, provided that this exchange does not go beyond the limits of basic scientific information.

6. It is not at all easy to define exactly where basic scientific information ends and information about the operation of large-scale plants begins. Basic scientific information is not satisfactorily illustrated by the Smyth Report published by the United States Government, since basic research involves a large amount of precise numerical data which has not yet been made available by the United States Government.

7. So long as exchanges are confined to printed papers, difficulty may well be found in assuring the parties to the exchange of information that a proper degree of reciprocity is being displayed. A better test may, therefore, well be found in the interchange of scientists working in this field.

8. At the present time it is not thought that the Soviet Government have much to contribute to an exchange of information, since their programme for the development of atomic energy may well be in its early stages. It would not seem unreasonable, however, to ask in return for the release of scientific information to them that they should disclose on what scale their work is organised and where their principal scientists in this field are working and on what aspects.

[31746—3] B

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223919

9. Exchanges of scientific information could be followed up by exchanges of information about geological deposits of uranium and thorium. The furnishing of such information might enable a comprehensive account to be drawn up of the world resources of these materials, and this in turn might lead to the evolution of a workable scheme for the control of atomic energy. In a matter of such vital importance, however, reliance could not be placed upon a survey which depended solely upon uncorroborated statements furnished by individual Governments. In order to carry confidence, the survey would have to be organised on an international basis; this would mean inspection of mining areas and checking of returns by foreign geologists employed by and acting under the direction of some appropriate international agency.

Outlawing the Atomic Bomb.

10. One method of dealing with the atomic bomb which would not involve any modification of national sovereignty would be for all nations to sign an undertaking renouncing the use of this weapon. The trust which would be placed in such a Declaration by itself is, of course, limited. Since, however, such an undertaking would still permit the manufacture of bombs for defensive purposes (as in the case of chemical and biological weapons, the use of which is declared illegal under the Geneva protocol), it would not deprive us of the means of retaliation against a nation violating the agreement. To renounce the *production* of such weapons is a more serious step which could not be taken without effective safeguards.

Measures of Control.

11. The Assembly therefore suggested that the Commission should discuss "effective safeguards by way of inspection and other means to protect complying States against the hazards of violations and evasions." "Other means" may be taken as referring either to some system of sanctions or to the internationalisation of atomic energy. The implication of a system of sanctions is that military force will be at the disposal of the United Nations to restrain aggression. Such a proposal is not a problem specifically concerned with atomic energy and would not be suitable, therefore, for discussion by the Commission.

12. Before considering the internationalisation of atomic energy the issues raised by inspection must be considered. The purpose of inspection is to ensure that one or more of the processes vital to the production of atomic bombs cannot be carried on in secret. There are two distinct issues to be settled :—

(*a*) Whether inspection is politically practicable.
(*b*) Whether it is technically feasible.

13. As regards *political practicability*, it is, of course, the case that any system of inspection implies some limitation of national sovereignty. Inspection of mineral areas and of the production of raw materials would not in itself provide a 100 per cent. safeguard; inspection of plants developing or using atomic energy would also be required. This means in effect that inspectors would have to be given free access to any part of a country and the right to visit any factory within the country. All nations would find unpalatable the limitations on industrial and military secrecy which would be involved. Special difficulties would be likely to arise in the case of a country of the size of Russia; in addition, national policies and prejudices in the U.S.S.R. make it unlikely that members of an international inspectorate would be allowed the freedom necessary to enable them to produce the complete reports on which full security would depend.

14. If it were found that the inspectorate was meeting with obstruction or evasion in a particular country, we should constantly have to ask ourselves whether a point had been reached at which the Government of that country must finally be accused of a breach of the agreement. This would be a grave step to take and a decision might inevitably be delayed for some time. In the interval those Governments which had observed the agreement by giving up the production of atomic weapons would have placed themselves at a disadvantage. When the step was taken it would inevitably lead to accusations and counter-accusations and to a grave deterioration in international relations.

15. The *technical feasibility* of inspection must be considered with regard to—

(1) Inspection of Raw Material Production.
(2) Inspection of Plants.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223920

Inspection of Raw Material Production.

16. This would involve—

(*a*) Inspection of production at known mines.
(*b*) Inspection of by-products.
(*c*) Detection of new discoveries.

There is little doubt that such inspection could be carried out, given unrestricted access to all mines and right of occasional aerial reconnaissance. The only minerals which have to be searched for are uranium and thorium. There is already a great deal of valuable information about the probable location of these minerals, even outside those areas which have been surveyed by the United Kingdom or United States geologists. Nevertheless. the task involved would certainly be formidable.

Inspection of Plants.

17. However successful the control of raw material might be, it would be difficult to keep an exact check on the movement of small quantities of material. This method must therefore be supplemented by inspection of plants for the production of fissile material. Inspection of plants cannot be effective without full knowledge of their method of operation. If therefore the exploitation of atomic energy for peaceful purposes is to be coupled with a system of inspection, this will involve a general disclosure of all knowledge relating to the industrial use of the process. Unfortunately this knowledge represents a large part of the knowledge required to make a bomb. In each case it is necessary first to produce a certain quantity of fissile material (plutonium or U235). The only processes which are peculiar to the bomb are—

(i) An additional refining process involving additional plant to produce fissile material of the requisite high standard of purity.
(ii) Construction of the mechanism necessary to initiate the detonation of the bomb.

Some of these processes require special scientific skill of a very high order, but they demand only a small proportion of the total resources necessary for the production of an atomic bomb.

15. Opinion is divided on the question whether inspection would be feasible. On the one hand it may be argued that some control may be exercised through a knowledge of the whereabouts of the principal scientists in this field, who are few in number; that atomic plants are very large; that they need quantities of electricity and cooling water and that radioactivity can quickly be detected by the use of a "counter." On the other hand, the Board of Consultants under Mr. David Lilienthal which recently reported to Mr. Secretary Byrnes's Committee on the International Control of Atomic Energy, felt that international inspection of nationally owned atomic plants would be a hopeless task. They based this conclusion on two considerations :—

(*a*) The large number of inspectors required and the difficulty of recruiting adequately trained scientists for a mere policy duty.
(*b*) The impossibility of ensuring that the inspectors were sufficiently up-to-date in their knowledge of a rapidly growing science to detect evasions.

Internationalisation of Atomic Energy.

19. The Lilienthal Board of Consultants, therefore, recommended a scheme which demands in effect the internationalisation of almost all the processes involved, not only in the production of bombs but in the production of fissile material, and, therefore, of the primary industrial processes needed for the production of atomic energy. They held that the problem of international control was insoluble, so long as "dangerous" activities were carried on by individual nations. They therefore proposed that all mining of uranium and thorium and all subsequent stages in the production of fissile materials should be placed in the hands of an international "Atomic Development Authority." This authority would make the fissile material and would sell it to individual Governments for industrial use only after it had been "denatured" in such a way as to make its use in a weapon impracticable. (Scientific opinion in this country is at present doubtful whether a process can be devised which would achieve this object with certainty.) The only other atomic activities which would be carried on by individual nations would be those which are considered "safe," *i.e.*, cannot provide a cloak for bomb manufacture. These are apparently limited to fundamental research and medical treatment.

[31746—3]

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223921

20. The political difficulties involved in this proposal are, of course, even greater than those involved in the inspection of nationally owned plants. It is not, for instance, clear how the international authority is to reach conclusions on matters involving so much national rivalry as the location of plants for the production of fissile material. And this scheme, like any other, would break down in time of war, since the international plants would be seized by individual nations. The setting up of an Atomic Development Authority would have, of course, to be accompanied by a system of inspection but such a system would be easier to carry out than it would be if " dangerous " activities were permitted to national Governments. Mining of uranium or thorium and any production of fissile material, except by the international authority, would, in itself, be illicit. This, it is argued, would be comparatively easy to detect. To determine whether or not mining and production, not in itself illicit, was directed to an illicit purpose (*i.e.*, the production of weapons) would be far harder. The fact, moreover, that the international authority would have certain positive functions in the development of atomic energy would, it is thought, ensure that it possessed the technical knowledge and the qualified staff to enable it to carry out the more limited type of inspection proposed under this scheme.

The need for establishing confidence through procedure by stages.

21. Any scheme for the international control of atomic energy (whether through the inspection of nationally owned plants or the setting up of an international development authority) will involve as its first consequences the disclosure of technical information relating to processes common to the industrial and the military uses of atomic energy. Since, moreover, its object would be to secure the elimination of atomic weapons from national armaments, it would presumably require as well agreement by the United States at least to stop producing atomic weapons. Other Powers may demand, in addition, that her present stock should be destroyed or dispersed.

22. In both these ways, therefore, it would be necessary for the United States to make a considerable sacrifice of their security in the near future which they ought not to accept unless they obtain an effective guarantee of lasting security through a system of international control. Once they have sacrificed in this manner part of the lead which they now hold in production and technical knowledge, there will be no going back. It is essential, therefore, that before such a system is adopted, they and we should be satisfied that it is politically as well as technically practicable. It is for this reason that so much emphasis was laid during the Washington discussions upon the need to build up confidence through procedure by stages. Under this procedure, action at each stage would not be taken until a satisfactory understanding had been put into operation on the previous stages and the willingness of other nations to co-operate had been demonstrated.

APPENDIX " A."

RESOLUTION ADOPTED BY THE GENERAL ASSEMBLY OF THE UNITED NATIONS ON THE 6TH JANUARY, 1946, ESTABLISHING A COMMISSION TO DEAL WITH THE PROBLEMS RAISED BY THE DISCOVERY OF ATOMIC ENERGY.

Resolved by the General Assembly of the United Nations to establish a Commission with the composition and competence set out hereunder, to deal with the problems raised by the discovery of atomic energy and other related matters :—

1. *Establishment of the Commission.*

A Commission is hereby established by the General Assembly with the terms of reference set out under Section 5 below.

2. *Relations of the Commission with the Organs of the United Nations.*

(*a*) The Commission shall submit its reports and recommendations to the Security Council and such reports and recommendations shall be made public unless the Security Council, in the interest of peace and security, otherwise directs. In the appropriate cases the Security Council should transmit these Reports to the General Assembly and the members of the United Nations, as well as to the Economic and Social Council and other organs within the framework of the United Nations.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223922

(*b*) In view of the Security Council's primary responsibility under the Charter of the United Nations for the maintenance of international peace and security, the Security Council shall issue directions to the Commission in matters affecting security. On these matters the Commission shall be accountable for its work to the Security Council.

3. *Composition of the Commission.*

The Commission shall be composed of one representative from each of those States represented on the Security Council and Canada when that State is not a member of the Security Council. Each representative on the Commission may have such assistance as he may desire.

4. *Rules of Procedure.*

The Commission shall have whatever staff it may deem necessary, and shall make recommendations for its rules of procedure to the Security Council, which shall approve them as a procedural matter.

5. *Terms of Reference of the Commission.*

The Commission shall proceed with the utmost despatch and enquire into all phases of the problem, and make such recommendations from time to time with respect to them as it finds possible. In particular, the Commission shall make specific proposals :—

(*a*) For extending between all nations the exchange of basic scientific information for peaceful ends;

(*b*) For control of atomic energy to the extent necessary to ensure its use only for peaceful purposes;

(*c*) For the elimination from national armaments of atomic weapons and of all other major weapons adaptable to mass destruction;

(*d*) For effective safeguards by way of inspection and other means to protect complying States against the hazards of violations and evasions.

The work of the Commission should proceed by separate stages, the successful completion of each of which will develop the necessary confidence of the world before the next stage is undertaken.

The Commission shall not infringe upon the responsibilities of any organ of the United Nations, but should present recommendations for the consideration of those organs in the performance of their tasks under the terms of the United Nations Charter.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

W.L.M. KING PAPERS
MG 26 J4

PAGES C223923 to C223942 have been removed from circulation at the request of the Department of External Affairs.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

C223943

The circulation of this paper has been strictly limited. It is issued for the personal use of Mr. MacKenzie King

TOP SECRET. Copy No. 27

P.M.M. (46) 11th Meeting.

MEETING OF PRIME MINISTERS.

CONFIDENTIAL ANNEX, MINUTE 1.

(3rd May, 1946—11 a.m.)

Atomic Energy.

THE Meeting had before them a note by the Secretaries (P.M.M. (46) 19) to which was annexed—

(i) a note on United Kingdom arrangements for research and development work on atomic energy;
(ii) a note on the proposals for the international control of atomic energy.

MR. ATTLEE said that, in view of the delicate negotiations which were at present in progress between the United Kingdom Government and the Governments of the United States and Canada on the subject of atomic energy, it was important that there should be no public disclosure that this matter had been discussed in the course of the present consultations.

On the question of research and development, the Dominion Ministers were aware that our work had been based upon the close partnership with the Canadian and United States Governments which had grown up during the war. Much of the information which we possessed derived in part from American and Canadian sources and we were, therefore, bound to act in agreement with them in the use which we made of it. We had not yet negotiated a revision of our war-time agreement with the Americans and they were naturally anxious, on the one hand, that proceedings before the United Nations Commission on Atomic Energy should not be prejudiced by any fresh bilateral understanding, and on the other that knowledge of American origin should not be spread to a wider circle in advance of concessions which they might have to make as a result of recommendations of the Commission. We were still hoping to reach an understanding with them providing for the full exchange of scientific and technical information between us; but the position was delicate and there were at present limitations on our freedom of action. Subject to these limitations, we were most anxious that there should be the fullest possible co-operation between the Governments of the Commonwealth. Such co-operation might be concerned with any of the following :—

(*a*) Fundamental scientific research.
(*b*) Production of raw materials.
(*c*) Large-scale plants for the production of fissile material.

The position with regard to the international control of atomic energy was set out in Annex II to P.M.M. (46) 19. The United Nations Commission had not yet begun its deliberations, and its first task would be to consider what effective safeguards could be devised, by way of inspection and other means, to protect complying States against the hazards of violations and evasions. Mr. Attlee said that, in general, he was inclined to be sceptical about the possibility of control through an international inspectorate, and felt that in practice it would probably be necessary to build up any system of international control by stages.

Mr. Attlee then invited Lord Portal to make a statement on the United Kingdom atomic energy project.

[31899—2]

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223041

LORD PORTAL made a full statement explaining the lines on which it was proposed that the Harwell Research Establishment should be developed and the progress already made with the setting up of the establishment. Research and development work on a considerable scale was expected to start there early next year and the existing plans for the whole establishment should have been substantially implemented by July 1947. He emphasised that the services of any scientists from the Dominions who were considered by Dominion Governments to be suitable for the work and could be spared for a time would be warmly welcomed at Harwell. He hoped that Dominion Ministers would accept in principle the temporary posting of suitable men for a period of service at Harwell after which they would return to their own country, and that in view of the difficulty of direct recruitment at such a great distance, each Government would accept responsibility for selecting and paying their own scientists during the period of attachment. If this form of co-operation were approved in principle, the details could be discussed at the official level.

Lord Portal explained that the supply of raw materials had a powerful bearing on policy and that investigations carried out in recent months tended to show that previous estimates had been optimistic. We had a fairly clear picture of where substantial supplies of uranium were likely to be found and there had been informal discussions with representatives of the Dominions on the question of carrying out raw material surveys within the Commonwealth.

With regard to the preparations for large-scale production in the United Kingdom, the headquarters of the production organisation had been set up at Risley in Lancashire and the necessary staff was being recruited. Design work was in hand for the plant required for the production of uranium metal which would be carried out at Springfields, near Preston, and the fundamental research work into the processes used in the purification of uranium ores and the manufacture of uranium metal had been carried out. On the basis of this, negotiations for the purchase of the various raw materials which were required for the processes had in some cases been completed and in other cases were actively in hand. It was hoped that production operations would start at the Springfields factory in September 1947 and that the first uranium metal would be produced at about the end of that year. Preliminary consideration had also been given to the question of selecting a site for the pile and the plutonium separation plant, though it would be necessary to operate the uranium metal fabrication plant for a year before sufficient stocks of metal to start the pile were available. A great deal of other fundamental organisation work was going on at Risley and steps such as the standardisation of engineering stores, the development of systems for purchasing, progressing and programming, and estimating are well advanced.

MR. CHIFLEY said that there was some reason to believe that there might be in Australia substantial deposits of thorium which could supplement the available supplies of uranium. It was hoped to carry out a more careful survey with a view to determining what quantities of materials were available and meantime the Australian Government had already taken powers to protect the available supplies of thorium from exploitation. He asked whether there was not a danger that too much of the limited supplies of fissile material available would be devoted to warlike developments, with the result that possible industrial development would be handicapped. On the question of international control, it had to be borne in mind that any scheme of control could be vitiated by failure to co-operate on the part of any one of the States concerned.

DR. EVATT pointed out that the Lilienthal Report on the International Control of Atomic Energy seemed likely to form the basis of the proposals which would be put before the United Nations Commission by the United States Government. These proposals might not be acceptable to other nations since the implicit assumption in them was that the United States would not share any information with regard to use of atomic energy for warlike purposes with other nations until such time as these other nations could in any event have obtained the information for themselves. With regard to the proposal that an International Atomic Energy Development Authority should be set up to conduct all intrinsically dangerous operations in the nuclear field, the success of this would seem to depend on the effectiveness of the proposals for denaturing fissile material, as to which scientific opinion appeared to be sceptical.

FIELD-MARSHAL SMUTS said that, although the original estimates made by the Americans of the uranium deposits in South Africa had been too

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

optimistic, he believed that in fact the amount available in South Africa would be found to be higher than had been suggested in the later reports made by British investigators. He was anxious that the world's supplies of material, which, so far as could be seen, were limited, should be used to the best advantage. He was most sceptical about the success of any scheme of international control, since all the proposals which he had so far seen appeared to be incompatible with the existing conception of national sovereignty. He felt, therefore, that the British Commonwealth should not place too much reliance on the outcome of the proposals for international control and that in the meantime every effort should be made to promote research and development and to find sources of raw materials within the Commonwealth. He hoped that it would not be found that the United States were monopolising all the available Canadian supplies.

MR. NASH said that a recent expedition to a remote part of the west coast of New Zealand had given some reason to hope that some supplies of raw material would be found in New Zealand. The New Zealand Government favoured international control and felt that the right line of advance was that suggested by the Washington Declaration, namely, the consolidation and extension of the authority of the United Nations Organisation and the creation of conditions of mutual trust in which all people would be free to devote themselves to works of peace. Unless an advance could be made on these lines he did not believe that mere fear of the results of the use of atomic weapons would deter an aggressor. At the same time he agreed that in the meantime the members of the Commonwealth should safeguard their position by developing the resources available to them.

MR. NOEL-BAKER said that he had been in the United States when the Lilienthal Report had been published. The conclusions in the report had not yet been accepted by the United States Government, but it was not unlikely that they would be put forward by the United States Government to the United Nations Commission, and it might be that the concept of an International Atomic Energy Development Authority would promote that spirit of international goodwill and co-operation which was the essential basis of any scheme of international control.

MR. ATTLEE said that the general feeling of the meeting seemed to be that the members of the British Commonwealth should lend their support to the establishment of a scheme for international control under the ægis of the United Nations Organisation. At the same time, however, it had to be recognised that the successful working out of such a scheme was problematical, and it was essential that we should go ahead in the meantime with research and development and with the exploitation of raw material resources within the British Commonwealth. For this purpose it was desirable that all the raw material possibilities in the Commonwealth should be fully surveyed, and he hoped also that Dominion Governments would be willing to help forward the United Kingdom programme of research and development by lending scientists to serve for agreed periods with the team at Harwell. He thought there was general agreement that we should do all we could to co-operate together in these matters.

Cabinet Office, S.W. 1.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

C223946

The circulation of this paper has been strictly limited. It is issued for the personal use of Mr Mackenzie King

TOP SECRET. Copy No. 67

P.M.M. (46) 21.

3rd *May*, 1946.

MEETING OF PRIME MINISTERS.

POLICY TOWARDS GERMANY.

MEMORANDUM BY THE SECRETARY OF STATE FOR FOREIGN AFFAIRS.

THE attached paper sets out some of the problems facing us in Germany, with particular reference to the question whether we should continue to work towards a unified (though federalised) Germany or whether, in view of the Russian attitude and the danger of Communist domination of Western Germany, we should regard this as dangerous and work towards a Western German State or States which would be more amenable to our influence. Our present policy in our own Zone is compatible with an eventual German federation with regional units having wide autonomous powers co-ordinated in certain restricted matters by a federal body at the centre. I shall be grateful for an expression of the views of my colleagues on the questions raised in this paper. My own feelings at present are that the general dangers of splitting Germany now are greater than those of continuing our present policy and that we can hope to avoid many of the dangers of centralisation by insisting on political development along federal lines.

It is very likely that I shall have to deal at the present Conference in Paris with some of these general German questions. The French Government are very keen on the idea of federalisation, while the United States Government have hitherto strongly advocated the immediate introduction of certain central administrations. I would propose that when it became necessary to discuss these questions here I should take roughly the following line :—

> " The objective to be aimed at by all four Occupying Powers in guiding constitutional and administration developments in Germany should be a decentralised federal structure based on regional units with considerable autonomous powers. When it is agreed between the Four Powers that the time has come to set up a central German Government, they will consult together again as to the means of doing this, but the central government will in no circumstances be given such powers as would restrict the autonomous status already given to the regional units. Meanwhile, there will be no objection of principle to the establishment of such German central administrations as may be found absolutely essential for the purpose of treating Germany as an economic whole. The central administrations should be restricted to co-ordinating the activities of the regional units. They should act through the local German governments and their activities in each Zone would be subject to the control of the respective Zone commanders. If the Four Powers agreed on principles of this nature the detailed application of them would be referred for study to the Allied Control Commission in Berlin."

It seems that a proposal on these lines might go some way towards reconciling the French and American points of view and would not altogether exclude the possibility of splitting Germany into two parts if, owing to Russian non-co-operation, this latter became inevitable.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223947

Policy towards Germany.

1. I circulate as an Annex to this paper a survey of the present situation in Germany. Its salient features are the following: –

(a) *Conditions in Germany.*

Though a beginning has been made with reconstruction, nevertheless practically every German town is still in ruins; communications are far from fully restored; industrial production in the western zones is at about 15 per cent. of pre-war; there is a grievous shortage of food and coal: the population is swollen, by forced immigration from the east. Political parties and trade unions are emerging, after an initial period of political apathy. The Communists have captured the east. Though they are active and well organised in the west, they are, as yet, only a minority.

(b) *Potsdam Agreement.*

The Potsdam Agreement set out drastic principles for the destruction of German militarism and National Socialism. It removed from Germany an area in the east amounting to about a fifth of the pre-war territory. It provided for payment of reparation by the removal of Germany's industrial equipment to a point which would leave her standard of living not higher than the average European standard. The plan subsequently agreed for this purpose will reduce the general level of industry to about half that of 1938, and reduce the heavy industries to about a third. Potsdam postulated political decentralisation and economic unity. Germany was to be treated as an economic whole and central German administrations were to be established to deal with economic matters, but for the time being no central German government would be established. When accepting the level of industry plan subsequently drawn up by the Control Commission, the British representative made the reservation that it would need to be reconsidered if the assumptions on which it was based were not fulfilled. One of these assumptions was that Germany would be treated as an economic whole.

(c) *Allied administration.*

The central German economic administrations have not yet been set up, nor is Germany being treated as an economic whole. Four-Power government at the centre is beginning to creak and the burden of government to flow to the zones which are tending to become quasi-independent.

(d) *Russian attitude.*

Three main elements may be seen in Soviet policy:—

(i) to prevent at all costs the revival of a strong and independent Germany;
(ii) to prevent western Germany with the Ruhr, or even the Ruhr alone, being brought into any close grouping of the western democracies;
(iii) to ensure that Germany eventually looks east and remains under strong, and if possible exclusive, Russian influence.

The Russians have not yet come down in favour either of a unitary Germany or a zonal Germany. They are, at present, hedging and making the best of both worlds. They have established themselves securely in their own zone, are making a strong bid to capture Berlin for the Communists, and are preparing to launch out on a more forward policy in the west.

(e) *The British zone.*

The economic difficulties fall most hardly on the British zone which is mostly an industrial area and never self-supporting in food. The industries are broken and food imports hard to come by. The cost this year to the British Exchequer will amount to at least £80 millions net. We are creating German authorities to take over responsibility for the administration and endeavouring to build up democracy from the bottom. It is proposed to hold borough elections this autumn and plans have been laid for the holding of other elections up to the province level in the course of the next year. These developments would be compatible with the eventual introduction of a federal system for the whole of Germany. Whatever the speed of these constitutional developments may be, however, both our troops of occupation and our Military Government personnel will be greatly reduced by the end of this year.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223013

2. Up till recent months we have thought of the German problem solely in terms of Germany itself, our purpose having been to devise the best means of preventing the revival of a strong aggressive Germany. At times the emphasis has been on re-education, though usually on controls and measures of security. This purpose can clearly not be discarded. It is one which we have in common with the Russians. But it can no longer be regarded as our sole purpose, or, indeed, perhaps as our primary one. For the danger of Russia has become certainly as great as, and possibly even greater than, that of a revived Germany. The worst situation of all would be a revived Germany in league with or dominated by Russia. This, of course, greatly complicates an already complicated problem. It involves avoiding measures which would permanently alienate the Germans and drive them into the arms of Russia. It involves again showing sufficient purpose not to let it appear that Russia, when it comes to the point, always gets her way in four-Power discussions about Germany. It involves showing ourselves to be no less constructive in our approach to the problems in our zone than the Russians loudly proclaim themselves to be in theirs. And, above all, it involves maintaining a sufficiently high standard of living in western Germany to prevent the Communists from exploiting to their advantage the economic hardships suffered by the population. All this calls not only for the highest qualities of resource and tenacity but also for a readiness to use the necessary man-power and resources to uphold our purpose.

3. The Chancellor of the Exchequer, in his budget speech, pointed to our expenditure of £80 million this year on civil administration and on food for the Germans in our zone, and described this as in effect paying reparations to Germany. This revelation has caused considerable consternation to the public, and the first question for decision is therefore whether we are to go on using our man-power and resources to uphold our position in Germany or whether we are prepared to see Russia absorbing western Germany as she has already to all practical purposes absorbed the east. It should be borne in mind that Russia can absorb countries without spending money on them, but we cannot. The western way of life demands a minimum of material wellbeing.

4. As an occupying Power we maintain our claim to repayment and have better opportunity to enforce it. At the same time it is obviously essential to consider every possible means of reducing such expenditure to the minimum. We might, for example, invite our western Allies to contribute to the renovation of the Ruhr coal industry on which they so greatly depend. We can insist with the Russians that Germany must in reality be treated as an economic whole, and that the surpluses in the east are used for the benefit of the whole country. Nevertheless, however great our persuasive ability and our efforts to develop the production of our zone, there is no likelihood of its being self-supporting for some time, or of our being able to avoid the major part of the burden of meeting its deficiencies. Not even the modification of the reparation plan would ease the immediate liabilities, since for some years to come there is no possibility of industrial activity rising to the permitted level.

5. It is easy to over-simplify this issue and regard it as one between continuing our occupation and control with all the expense that is involved in that responsibility and withdrawing from Germany and so saving our pockets. But even if we were to evacuate Germany completely, we should hardly be prepared to see the country rotting in starvation. Disease knows no frontier. By withdrawing from Germany we could no doubt save ourselves some expense, but not the whole bill, and we should have little control over the manner in which the money was used or what type of authority in Germany, *e.g.*, Nazi or Communist, had the use of it.

6. On the assumption that we are not prepared to leave the field to Russia, the question arises whether we should be best advised to maintain and develop the present policy of Potsdam or to throw it overboard and organise our own zone as an independent unit according to our own ideas, bringing in the other western zones as we can. The Potsdam Agreement provides for the decentralisation of the German political structure but also for the establishment of central German administrations for certain economic purposes. The Agreement provides that no central German government will be established for the time being, but it must be assumed that the establishment of central economic administrations would logically lead in due course to the establishment of a central Government,

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

though the powers of the latter might be considerably limited by reinforcing the autonomy of regional units in some kind of federal structure. Allied control may continue in some form for many years, but one cannot expect the indefinite prolongation of Allied government. The Control Machinery Agreement on which it is based was only designed for the initial period of occupation. Sooner or later the Germans will have to govern themselves, whether under a central government (albeit of a federal character) or state or zonal governments.

7. So far as our short-term interests are concerned there can be little doubt that they would be best served by the establishment of central administrations without further delay. They are essential to the treatment of Germany as an economic whole, and their absence gives the Russians a ready excuse for maintaining their zone as a closed area. As it is a larger food producing area than western Germany, the barrier makes for better economic conditions in the east than in the west, at any rate so long as food shortages continue. It is of course impossible to feel any assurance that, even if central administrations were set up, the Russians would work the system honestly and would not merely try to use them to infiltrate into western Germany, while taking good care that they were not used by the western Powers to infiltrate into the east. Constant vigilance would have to be exercised to see that there was complete reciprocity between the Russian and the western zones in carrying out the policy of a unitary Germany. But the existence of central administrations would at least fortify our claim, which we cannot at present assert, to penetrate the iron curtain economically, and to draw any surpluses from the east into the hard-stricken western zones. At present the Russians are using their zone not only to feed the Red Army but to send home food-stuffs and manufactured goods as reparation.

8. But one cannot think of the problem solely in terms of its immediate effects, seeing that central administrations would logically develop in due course into a central government. It is therefore of importance to estimate in which direction a central German government would be likely to turn, at the same time bearing in mind that even if western Germany were set up as a separate state, that state might itself succumb to the communist pressure which would certainly be directed against it. No firm answer can be given on the possible complexion of a central German government. The Russians are probably as doubtful about it as are we ourselves. If a central government were set up during the present period of Allied occupation and four-Power control, its composition would presumably depend on the result of nation-wide elections, conducted under four-Power supervision. It may be assumed that the Communists, or the new Socialist Unity Party, would gain the upper hand in the Soviet zone. The same is also probable, though not so certain, in Berlin. According to present indications in the United States zone and in regions of North Rhine and Westphalia of the British zone, the Christian Democratic Union would probably be the largest party. In Hanover Region and Hamburg the Social Democrats would probably be the strongest, with in Hamburg a substantial communist and in Hanover Region a substantial right-wing runner up. In Schleswig-Holstein the right-wing parties would probably prevail. If the German government in Berlin fairly reproduced the outlook of the country it would be neither wholly eastward looking nor wholly westward looking. The question would then turn on whether the western democracies or the Soviet Union would exercise the stronger pull. On the whole the balance of advantage seems to lie with the Russians. It is highly unlikely that the western democracies would be able to exercise any influence in the east, at any rate outside Berlin itself. On the other hand, Communism already has its addicts in western Germany, and the liberal attitude of the occupying authorities in the west would allow them a free hand. Added to this would be the constant pressure of propaganda and of agents from the east. And the prevailing material conditions would give them an excellent ground for their activities. They would find the position favourable both in the short-term and in the long-term. For the next year or so, no matter how great our efforts, one must expect hunger, cold and lack of shelter. Later on the level of industry plan will take effect, causing large-scale unemployment and preventing any rapid reconstruction. In such conditions Communism will have an obvious appeal and, with its emphasis on strong authoritarian government, can be plausibly represented as the only kind of system which can possibly cope with so desperate a situation. Even if the first national elections gave the democratic parties the advantage, one must feel greater doubt about the subsequent ones.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223950

9. A federal system for Germany would minimise these dangers. It would be based on the grant of considerable autonomous powers to the provinces with a co-ordinating body at the centre whose powers would be strictly limited. It would be necessary to examine exactly what division of powers would be most suitable, with a general tendency to restrict the powers of the centre to the barest minimum necessary for its co-ordinating function. The powers reserved for the centre would be mainly those concerned with economics and finance, though there might be no objection to leaving even certain financial powers to the provinces, which might, for instance, be allowed to organise their own social security services. Under a scheme of this kind central administrations, whether set up now under the Allied Control machinery or later under a federal German government, would act through the local German governments and would be prevented so far as possible from organising a network of their own agencies throughout Germany. It may be objected that a federal structure of this kind would not be likely to offer serious resistance to communist influence at the centre, since the latter would be able, with even a small amount of military or para-military force (organised no doubt with Russian assistance) to swallow up the disarmed and divided regional units one by one. This danger exists, but on the whole it seems less serious than to provide the communists with a centralised machine ready to hand, such as Hitler found when he came to power as a result of the centralising tendencies which had operated in Germany since the time of Bismark.

10. In seeking a solution of our dilemma the following considerations should be borne in mind. Though we could argue that the principles laid down at Potsdam were only designed for the initial control period and are therefore now due for reconsideration, nevertheless to throw the Potsdam policy overboard entirely and organise our zone as an independent unit would have very grave consequences :—

(*a*) We should be unable to retain for long even the façade of four-Power co-operation in Germany and should soon find ourselves forced out of Berlin.

(*b*) The hopes we still entertain of breaking down the iron curtain would have to be abandoned. The whole of ~~W~~ Eastern Germany and indeed of eastern Europe would be irretrievably lost to Russia.

(*c*) We should also have to defend our zone (or western Germany) from the infection of political and economic influences from the east. For example, we should have to set up a separate currency and almost certainly a separate nationality.

(*d*) All this—which would in effect amount to bringing western Germany into a western anti-Soviet *bloc*—would mean an irreparable break with the Russians, who would go all out to destroy our policy in western Germany and turn the population against us. This task would not be difficult in an industrial area in a period of acute food shortage. They would, no doubt, also redouble their attacks on us in all other parts of the world, and the prospect of U.N.O. continuing in such circumstances would be slender.

(*e*) The Americans are probably not yet ready for this. Certainly their leading representatives in Germany would oppose it tooth and nail. In any case one could not count on continued American support even if they came to agree to it. But full American support would be essential.

(*f*) The French might or might not support us, depending on the strength of communism in France. In any case Communist influence would be strong enough to make their support an uncertain factor.

(*g*) The Belgians and Dutch (as indeed all minor Allies) would be distressed by any reduction of reparation which would be involved in organising western Germany for prosperity, but the prospect of restoring a prosperous trade with Germany might reconcile them to the loss to some extent. They would be less easily reconciled to the " forgive and forget " attitude towards the western Germans which our new policy would necessarily involve. Their love for German Socialists is no greater than their love for other Germans.

(*h*) We should find ourselves at the mercy of German blackmail—" We must be given this and that, or we shall be overwhelmed by the Communists." We should probably soon have to accept a German army.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223951

(*i*) The fear and contempt which Germans feel for Russia, coupled with their unforgiving resentment at the loss of the eastern provinces, might keep them content for a time with holding Russia at the Elbe. But, whether we like it or not, the conception of German unity is a basic fact which has survived many centuries and is unlikely to be destroyed by any artificial creation established to-day. Sooner or later the east and the west would join up again.

(*j*) Meanwhile we should have lost the one factor which *might* hold us and the Russians together, viz., the existence of a single Germany which it would be to the interest of us both to hold down.

11. The foregoing are powerful arguments against abandoning the Potsdam policy and setting out to organise our own zone or western Germany as a separate unit. On the other hand a "western" policy, if developed with determination and subject to the conditions mentioned in paragraph 12 below, could have certain attractions :—

(*a*) It would be clear both to the Russians and to the Germans that we were determined to resist the further westward expansion of Russian influence and of communism. In this we could expect the support of the great majority of Germans, whose assistance we should have in resisting the infiltration of agents from the east.

(*b*) By denouncing the level of industry plan and limiting reparation to more reasonable proportions we should give the western Germans a hope for the future even though it would in itself bring them little immediate material benefit.

(*c*) If the German population became more contented by seeing our determination to save them from the Russians and restore their economy, the tasks of our authorities would be lightened, as also would those of the German authorities as they take over responsibility for administration.

12. It must, however, be stressed that two conditions are essential to the success of a "western" policy. The first is that we should give an immediate fillip to the population by raising the food ration and maintaining it at a satisfactory level. Even if the level of industry plan was discarded, we must reckon with an interval of two or three years before German industries could be so far rehabilitated as to render western Germany self-supporting. Secondly, we must be assured of full and continued support from the United States.

13. Whatever decision be taken on this fundamental problem, there are certain matters which we should keep to the forefront of our policy. These are :—

(*a*) to concentrate on constructive measures in our zone, both political and economic, and refuse to be deflected from our course by the Russians or such satellites as the World Federation of Trade Unions;

(*b*) to accelerate constitutional development in our zone and to develop the local autonomy of the provincial governments, giving them the widest practicable powers and organising them in such a way that they will fit into a federated structure either for the western zones or for Germany as a whole;

(*c*) to maintain and, if possible, increase the present food ration in the British zone and western Germany as a whole, and to use every pressure to extract food surpluses from the Russian zone for the benefit of the rest of Germany;

(*d*) to take every possible step to increase coal production and see that a sufficient proportion is devoted to the re-activation of German industry;

(*e*) to apply the economic principles of Potsdam to the western zones even if the Russians refuse to collaborate, and in any case to foster the solidarity of the western zones;

(*f*) to act in fullest collaboration with the Americans;

(*g*) to maintain our position in Berlin.

14. The measures suggested in the preceding paragraph are not a substitute for a permanent policy, but until we see more clearly what is likely to be the future of the Ruhr, the most important single problem affecting our position in Germany, it is difficult to come to a final decision. It must be recognised, however, that the question of central economic administrations, which the United

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223952

States Government still feel to be one of the most urgent requirements for Allied policy in Germany, raises the fundamental issue whether Germany is to be a single state or split into eastern and western Germany corresponding to the Russian Zone and the three Western Zones respectively. If agreement was reached between the four Powers that we should all gradually work towards a federal system in Germany, into which the proposed new Province of the Ruhr would fit, this might allow the decision to be somewhat postponed, but it cannot be indefinitely avoided. If it was felt that we had to abandon the idea of a unified Germany, even with a federal system, it would be most important to ensure that responsibility for the break was put squarely on the Russians.

E. B.

Foreign Office,
3rd May, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223953

ANNEX.

SURVEY OF PRESENT SITUATION IN GERMANY.

I.—Allied Government and Policy.

Declaration of Defeat.

1. Germany surrendered on the 7th May, 1945. On the 5th June a Declaration regarding the Defeat of Germany was signed in Berlin by representatives of the United Kingdom, United States, U.S.S.R. and France, whose Governments thereby assumed supreme authority wtih respect to Germany. The general conditions in which they undertook this responsibility were that practically every large town in Germany was in ruins, the communications had been disrupted and the administration had disappeared. That immediate starvation and epidemics did not set in was due to the existence of considerable food reserves and to the efforts of the Allied military administration.

Control Machinery.

2. Plans had already been worked out for the Allied government of Germany. These provided for the exercise of the supreme authority by the Commanders-in-Chief of the four Powers, each of whom is supreme in his own zone of occupation, while in matters affecting Germany as a whole they constitute jointly a supreme organ of control called the Control Council. The whole of Germany is under military occupation and is for that purpose divided into four zones. Berlin is jointly occupied in four sections and is administered by a four-Power body known as the Komendatura.

Potsdam Agreement.

3. The first public statement of Allied policy was issued after the Crimea Conference in February 1945. This was supplemented by the Potsdam Agreement of August 1945. The Potsdam Agreement set out the purposes of the occupation as (i) complete disarmament and demilitarisation, (ii) to convince the German people of their total defeat and of their own responsibility for their present suffering, (iii) to destroy National Socialism, and (iv) "to prepare for the eventual reconstruction of German political life on a democratic basis and for eventual peaceful co-operation in international life by Germany."

4. Among the political principles to govern the treatment of Germany in the initial control period were the following :—

(*a*) that so far as practicable there should be uniformity of treatment of the German population throughout Germany;

(*b*) that the administration in Germany should be directed towards the decentralisation of the political structure and the development of local responsibility. This would include the restoration of local self-government on democratic and elective principles, the permission and encouragement of all democratic parties, and the introduction of the representative and elective principle into regional and provincial administrations. For the time being no central German Government would be established, but certain essential central German administrative departments would be set up in the economic field, acting under the direction of the Control Council.

5. Economic principles were also set out, and agreement was reached on reparation. The main features of these two sections were that the production of war material would be prohibited, the production of war-important industries rigidly controlled and restricted to Germany's peace-time needs, and surplus productive capacity removed as reparation or destroyed; but payment of reparations should leave enough resources to enable the German people to subsist without external assistance at a standard of living not exceeding the average standard of European countries excluding the United Kingdom and the U.S.S.R. The first charge on exports should be for approved imports. The reparation claims of Russia and Poland would be met by removals from the Soviet zone, and those of the other Allies from the western zones; but Russia would also receive 25 per cent. of the equipment removed from the western zones, part of

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

which she would exchange for raw materials of equivalent value. The amount of equipment to be removed from the western zones would be determined within six months, viz., by the 2nd February, 1946. It was also laid down that during the period of occupation Germany would be treated as a single economic unit and that primary emphasis would be given to the development of agriculture and peaceful domestic industries.

6. It was decided at Potsdam to transfer to Polish administration the former German territories east of the Oder–Western Neisse line (except for the area around Königsberg which would be handed over to Russia). It was agreed that the German populations of Poland, Czechoslovakia and Hungary, would be transferred to Germany in an orderly and humane manner in accordance with a plan to be drawn up by the Control Council. The Control Council agreed on a plan to this effect in November 1945.

II.—General Situation To-Day.

Four-Power co-operation.

7. The end of the war left Germany a vacuum. The question still to be decided is how this vacuum is to be filled, and the answer will be a touchstone of Great Power collaboration. The general conception at the planning stage was that the four Powers should fill the gap by jointly exercising the supreme authority until such time as Germany had been purged of her vices and could safely be permitted to resume her own independent place in the European structure. The first essential to the success of this policy is, of course, that the four Powers should maintain a united front and, so long as matters of high policy have not supervened, harmony has not been lacking. Personal relations are for the most part good, and in certain important matters the interests of the four Powers coincide. There is, for example, no disagreement in principle on the need to disarm Germany. Agreement has been reached on such big issues as denazification, the reform of the judicial system and the future level of German industry. Nevertheless, the spirit of co-operation has tended to weaken as fundamental issues arise involving national interests and ideologies. No Power is at present strong enough to capture Germany as a whole, nor is the organisation for so doing at present in existence. But in its own zone each Power is doing its best to sow its own beliefs which, in so far as the East and West are concerned, are diametrically opposed.

8. This fundamental antagonism between the totalitarian and the liberal creeds, both of which claim to represent the true democracy, has been somewhat overclouded by extraneous disputes. The French, not having been invited to the Potsdam Conference, were critical of its conclusions from the start and, in particular, of the decision to set up German central administrations. They argued that the existence of such administrations, if given authority over the whole of German territory, would inevitably prejudice their aim to detach the Ruhr and the Rhineland from Germany. For this reason they have used their veto on the Control Council to block the establishment of these administrations. Their intransigence has exasperated the Americans whose great purpose it is to get the main Potsdam objectives, such as disarmament and denazification, finished off as quickly as possible and then hand over the administration to the Germans. American exasperation has not been limited to criticism of the French. We, too, have had our fair share of it, owing to our slower and more cautious approach deriving from our long-term interest in the future of Germany. But the Americans in Berlin have usually been careful to keep on the right side of the Russians, with the unfortunate result that there has at times been almost a Russo-American *bloc* in the Control Commission. This, of course, has suited the Russians very well, and they have exercised much ingenuity in singling us out for criticism and, at the same time, flattering the Americans.

Central and zonal administration.

9. Quadripartite government is itself an unprecedented experiment. In this troubled atmosphere and unaided as it is by any central German administrative authority, it is bound to creak and the burden of government to flow to the zones which tend to become quasi-independent, each administered according to the views of the occupying Power. This tendency is furthest advanced in the Russian zone and, though their unit of administration still remains the "Land," they have gone so far in the process towards zonal

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

administration that they could set up a zonal government without difficulty at any time that suited them. We in our zone work on the province or "Land" but have established zonal advisory bodies and are contemplating the establishment of certain zonal executive bodies. The Americans work direct from their own element of the Control Commission to the three "Land" Governments in their zone and the only co-ordination between the three "Länder" lies in conferences between the "Land" Governments. The French, who are wedded to the idea of decentralisation, have not set up any zonal organisation in their zone but are rather following the American plan of building up the provinces.

10. The Potsdam Agreement postulated political decentralisation and economic unity. Political autonomy in the zones would therefore not be inherently contrary to Potsdam. At the same time the zonal boundaries were not drawn up for that purpose. In some cases, *e.g.*, in Baden and Würtemberg, they cut across the old state boundaries. In any event it is scarcely conceivable that they will be maintained indefinitely after the occupation has come to an end, if only for the reason that they will recall the period of German humiliation. There can be no permanent political future for an independent zone. In the economic sphere the division of the country into zones is of greater immediate consequence. Germany was developed as an economic unit, as was recognised at Potsdam. Each part inevitably suffers if the zonal frontiers are trade barriers; and the British zone, being the least self-supporting in foodstuffs, suffers worst of all. To-day there is a very limited interzonal trade and an interzonal postal, telegraph and telephone system has begun to operate. It has also been agreed that a four-Power commission shall proceed to all four zones to watch over the application of the reparation plan. But the zones are now, in large measure, artificially separated economic units and this, together with the absence of central economic administrations, is greatly impeding efforts at reconstruction. Above all, no sound financial system can be looked for without a financial administration at the centre.

Transfer of populations.

11. The foregoing difficulties arise because part of the Potsdam Agreement has not been carried out. There are no central German administrations and Germany is not being treated as a single economic unit. Other difficulties are due to the precisely opposite reason that the Potsdam Agreement *is* being carried out. Potsdam laid down that the German populations remaining in Poland, Czechoslovakia and Hungary should be transferred into Germany, which was itself greatly reduced in area by the loss of the eastern provinces. The exodus had already started on a considerable scale before the war ended. But the completion of the transfer involves, according to the plan subsequently worked out by the Control Council, no less than 6½ million persons. The Control Council agreed that these should be transferred by the end of July 1946. Though this date will certainly not be kept and though the Potsdam Agreement laid down that the transfers should be carried out in an orderly and humane manner, nevertheless the operation cannot fail to constitute one of the major problems which the authorities in Germany will have to face. These people arrive with few belongings and little money and often in a poor state of health. An unduly high proportion of them are women, children and old men. The prospect of their finding either work or homes is meagre and they also create an additional drain on the already inadequate food supplies.

Reparation and level of industry.

12. A further decision taken at Potsdam which will have the gravest effect on Germany's economy is that relating to reparation and the level of German industry. It was already agreed at the Crimea Conference that Germany should make compensation in kind to the greatest extent possible for the damage she had caused. The principles according to which this should be carried out were agreed at Potsdam and have been summarised in paragraph 5 above. The next step was to determine what Germany's level of industry should be and, after long and at times embittered discussion, the Control Council eventually approved a plan on the 30th March, 1946. Under this plan certain industries of particular importance to war purposes are to be eliminated entirely, while others will be restricted to various percentages of the pre-war level. No restriction on the other hand is to be placed on peaceful industries, while the production of coal

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

is to be maximised. It is estimated that the general effect will be to reduce the level of industry as a whole to a figure of about 50–55 per cent. of the 1938 level. But the heavy industries are to be more drastically reduced than others, the productive capacity remaining to them being of the order of a third of pre-war. Steel capacity is reduced to 7·5 million tons a year, and the actual production is not to exceed 5·8 million tons without the specific approval of the Control Council.

13. This plan is far more drastic than His Majesty's Government had wished, but it was found impossible to stand out against the combined determination of the other three Powers. All that proved possible was to enter the reservation that the plan would call for revision in the event of any of the main assumptions on which it was based being altered. Such assumptions were that the western frontiers of Germany would not be changed, that Germany would be treated as a single economic unit, that the population would not exceed 66½ million, and that it would be possible for exports to pay for imports to the extent contemplated in the plan.

14. The Russians had an understandable interest in insisting on a drastic solution. In the first place they are to receive 25 per cent. of the proceeds by way of reparation. Secondly, they are determined to eliminate any risk of the western Powers having a powerful German war potential at their disposal. Thirdly, a low standard of living in the western zones will facilitate the spread of communism into those areas. The attitude of the Americans is less easy to understand. They may perhaps have been influenced by the desire to be rid of a commercial competitor, or by the Morgenthau tradition of pastoralising Germany, but even so slum conditions in the heart of Europe are unlikely to be to their permanent advantage. The French can, of course, not be expected to resist any measure, however shortsighted, that will weaken Germany.

15. It is impossible to make any accurate forecast of the effect that this plan will have upon Germany. At the moment the level of industrial production is still far below the amount permitted by the plan. In the western zones it is running at about 15 per cent. of pre-war. What the plan does is to ensure that Germany's economy will not be allowed to rise above a very low standard for an indefinite period. Large-scale unemployment, increased still further by the influx of refugees, must therefore be expected as a more or less permanent state of affairs. Added to which there will be the psychological effect upon the population of seeing their sources of employment removed or destroyed. It is unfortunate that the British zone is the area which will suffer worst from these effects.

Food crisis.

16. The immediate impact of the level of industry plan will then be chiefly psychological. Food and coal on the other hand are vital problems to-day. The world food crisis is common knowledge. But there are a number of reasons why it falls particularly severely on Germany. Before the war Germany was up to about 90 per cent. self-supporting in foodstuffs, thanks to a highly-developed and protected agriculture and to the large-scale production of artificial fertilisers. The economy was centrally organised so that the surpluses from one area supplied the deficiencies of another. In particular there was a large flow of foodstuffs from the agricultural east to the western industrial districts. Large tracts of these producing areas have now been detached from Germany. The eastern territories were also depopulated and devastated by war. Furthermore the central planning has disappeared. Such surpluses as there may still be in the east—and their present volume or even existence is unknown—are retained by the Russians for their own purposes. Imports on a heavy scale are therefore needed to maintain a bare subsistence for the population of the western zones. When the war ended, these areas were still in possession of considerable stocks, largely drawn from the liberated countries. To-day those stocks have been used up, and this at the very moment when the whole world is faced with an unprecedented food shortage. It is only natural that Germany should come low on the list of claimants. The result has been that we have had to reduce the ration in the British zone to just over 1,000 calories for the ordinary consumer and the Americans have had to come down to 1,275. The ration in the French zone is theoretically at about 1,000 calories, but it is doubtful whether this is being maintained in practice. These levels are not sufficient for health. Yet there is no immediate prospect of raising them. Food has therefore become the major

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

problem of the man in the street in western Germany as well as of the Allied authorities. Upon the solution of this problem depends not only our good name as administrators but any hope we have of re-educating the Germans. Democracy as understood in the west cannot be built on starvation. For the Russians things are easier. In the first place they have the food producing land if they like to use it. Secondly, their way of life has less need of healthy economic conditions as a foundation.

Coal.

17. Equal in importance to food is the question of coal. Indeed, the two problems interlock. When we first entered Germany, coal production had virtually ceased. Thanks to the efforts of our authorities it was gradually built up again until by the beginning of March 1946 the hard coal output was 1·1 million tons per week or about 40 per cent. of the 1938 level. The cut in the food ration, which fell on the specially favoured miners as on everyone else, had an immediate repercussion and production quickly dropped by about 20 per cent. Nor is it likely to rise appreciably unless and until the ration is raised. It may indeed fall still lower. The effect of this cannot be overstated. There is practically no economic activity in Germany which does not depend on coal for its source of power. It affects food production as it affects everything else. Until more coal is forthcoming, economic activity will continue to stagnate, and even the level of industrial production permitted by the Control Council's plan will not be reached. Nor is the coal now produced devoted solely to Germany's domestic needs. On the contrary the present governmental directive is that the maximum possible should go to export and only so much be retained in Germany as is needed to meet the minimum requirements of the occupation. And even this does not satisfy the French who persistently demand that the percentage for export should be raised regardless of the effect of such a measure either on Germany itself or on the mining industry from which the coal is derived. Coal in fact is a crucial problem whether regarded from the point of view of our administration of Germany or from that of our relations with our Allies.

German political developments.

18. German political development is naturally affected by these day-to-day problems of existence. It would in any case have been unreasonable to expect a population which has been denied all political expression and contact with the outside world for so long to make at once much intelligent use of the liberty which foreign armies had bestowed upon it. And of course this liberty was itself circumscribed by the necessities of military government, not to mention such material impediments as the disruption of all communications and the destruction of all the big towns. It is not surprising therefore that all early reports from Germany spoke of the political apathy of the population. Nevertheless, political parties have started to revive. In the east the Communists with strong Russian backing have made the running and are well on the way towards eliminating or absorbing all other parties. The single party system is likely soon to be an accomplished fact in the Russian zone. In the western zones the most important political parties are the Social Democrats and the Christian Democratic Union, neither of which have any inclination to make a united front with the Communists. The latter are an active and well organised minority but have hitherto been unable to make much headway without the support of the Red Army. Their future prospects will depend on the effectiveness of the policy of the Western Allies and on the degree of material well-being which the latter succeed in maintaining. But there is one objective in which all parties are united, and that is the preservation of German unity. Opinions may differ on whether Germany should be a centralised or federal State, but any suggestion that she should be dismembered is anathema to all alike. In the campaign for German unity the Communists have cleverly taken the lead, cynically ignoring the immense truncations which their Russian backers have imposed in the east. The other parties cannot oppose them on this issue, which is perhaps the only one on which all Germans think alike.

Trade Unions.

19. Along with political development trade unions have started to form again. Here, too, there has been considerable apathy in the rank and file, but they have been encouraged by the interest shown by trade union organisations abroad. A T.U.C. delegation has visited the British zone, while a delegation of the World Federation has been to Berlin and toured the whole country. The manner in which trade union development should proceed is not yet settled.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223958

The T.U.C. advised strongly in favour of the British system of a confederation of autonomous unions. For the most part German opinion seems to incline rather towards a single centralised union, and this is likely to be favoured by the World Federation, which seems to be largely an agent of Russian policy. As elsewhere, the Russians hope to capture the trade union movement in Germany and create out of it a powerful weapon for attaining their political ends.

Denazification.

20. After their visit to Germany the World Federation issued a report, and its recommendations were significant. Most of the immediate practical problems of reconstruction were ignored. No reference, for example, was made to the food crisis, unemployment, the need for reconstruction or production, or to the refugee problem. Chief emphasis was laid on denazification, on which the attitude of the officers of military government was strongly criticised. Denazification is, of course, a matter of the first importance. It is impossible to leave the development of Germany to the men who played leading parts under the Nazi régime. The difficulty is to find other people of experience and ability. A further problem is the danger of creating a large body of ruthless discontented persons who will have no outlet for their energies except to sabotage any orderly government that may emerge. Such difficulties are ignored alike by the World Federation and by the Russians, whose purpose seems to be to create the maximum dislocation in the western zones and be left free to organise their own zone in their own way. They have no compunction in using Nazis where it suits them, and, of course, the two have much in common. It is unfortunate that we so often find ourselves on the defensive on the question of denazification, which is used as a stick to beat us with by the Russians who themselves appear to be interested in exploiting denazification as a measure of class warfare.

III.—Situation in the Zones.

A.—*British Zone.*

Administration and politics.

21. When the British forces first took over in the zone most things had come to a standstill. The immediate job was to knock some sort of shape out of the chaos left behind by the collapse; to get the coal mines working, the railways running, canals and waterways cleared, bridges repaired, food distributed and displaced persons repatriated. It is everywhere agreed that our military authorities made a fine job of it. The zone has been regarded by many as the best run, and the behaviour of the British soldier, his common sense and fairness, made him the most popular of the foreign troops in Germany. How far the food crisis will change this remains to be seen.

22. In the early days direct military government was the only method of administration possible, if only because the local German administration had disappeared. The change is now being made to civilian control. The Army Corps Commanders, who have hitherto been military governors of their districts, will confine their duties to that of garrison commander. Civilian regional commissioners will be appointed to each of the five regions in the zone. Among the subordinate staffs civilians are replacing soldiers. The change serves two purposes. In the first place, it is necessitated by the shortage of service officers resulting from demobilisation. Secondly, it is part of our definite policy of placing responsibility on the Germans for their own administration. British control and supervision will take the place of direct government except in subjects which are necessarily reserved.

23. The German bodies to whom these responsibilities are being transferred are at present councils nominated by the British authorities. Such councils have already been established at almost all district levels and at certain of the higher levels. The intention is to replace them in due course by elected councils. The present provisional time-table for elections is—

District elections, Autumn, 1946;
Regional elections, Spring, 1947;
Zonal elections, Summer or Autumn, 1947.

24. In addition to the provincial and local councils, a start has been made with establishing machinery to cover the whole zone. Early in March a zonal

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

advisory council was set up, composed of civil servants, technicians and representatives of the political parties, trade unions and the co-operative movement. There is also an economic advisory board and a zonal finance department, and in addition a central office for food and agriculture with executive powers. It is too early to say how effective these bodies will prove to be.

25. Our policy is to build democracy from the bottom upwards. Political parties were at first approved only on a local basis, but now they are permitted to organise on a zonal basis. Though there was at first widespread political apathy, a number of parties are now showing activity. The three main parties, the Social Democratic Party (S.D.P.), the Communist Party (K.P.D.) and the Christian Democratic Union (C.D.U.) conform to the prevalent continental pattern. There are in addition the Lower Saxon Party, the Free Democrat Party, both fairly Right wing and likely to amalgamate, and the Centre Party (Catholic). This has so far refused to merge with the C.D.U., which stands somewhat more to the Right than the Centre Party.

26. The Social Democrats are at present probably the strongest party numerically in the zone. Their leading figure, Schumacher, is an outstanding personality. Courage, personal integrity, a strong anti-Nazi record and even stronger Socialist convictions, have made him the spokesman, though not always unchallenged, of the Social Democrats in the three western zones and in a lesser way of the independent Socialists in Berlin. The main points of the party policy include nationalisation of industry and social reform, German territorial integrity and political unity, the independence of the party as against the Communists and the attraction of the middle-class and workers' vote in support of democracy on a western pattern.

27. The Communist Party follows the Berlin–Moscow line. Its main aims are German unity (the Ruhr for the worker), S.P.D./K.P.D. fusion in a Socialist Unity Party with a view to establishing a workers' republic on a single party basis, and the realisation of Marxist as opposed to western democracy. It is outspoken in its criticism of British policy, particularly in respect of denazification and food. This criticism is likely to find many sympathisers unless the food situation improves.

28. The Christian Democratic Union favours private enterprise and religious freedom. It attracts former property owners and can hope to obtain a large proportion of the Nazi vote, though the possibility that many nominal and other Nazis may vote on the Communist ticket should not be excluded. It could hardly hope to survive a prolonged depression. It is in touch with the Christian Socialist Union, its counterpart in the American zone, which was the most successful party in the only elections so far held.

29. The trade union movement in the British zone was slow to develop. This is hardly surprising as it is clearly difficult to reconcile the exigencies of military government with trade union activities. Recent development has been more rapid. No estimate of the total numbers for the zone is available. The following figures give some indication of the position at the end of March. North Rhine Province, 470,000; Hamburg 130,000; Cologne 35,000; Hanover 20,000; Duisburg 20,000; Wuppertal 20,000. Trade unions are not allowed to indulge in political activities, nor have they much say in hours of work or wages which have largely been fixed by Control Council legislation. This leaves little scope except for discussion on conditions of work and denazification of industry. The immediate major issue is organisational, whether unions should be organised centrally or on a basis of autonomous unions. The T.U.C. delegation which visited Germany in November recommended in favour of autonomous unions so as to give the rank and file their proper say and prevent them being run from above. The German workers on the whole, however, seem to favour centralisation as giving them increased strength. At the first zonal trade union conference held in Hanover on the 12th March it was decided to establish four provisional organising committees and also a zonal organising committee. This was roughly on the lines recommended by the World Federation of Trade Unions. The large-scale unemployment which is likely to result from the level of industry plan must be expected to have a powerful effect on trade union opinion.

Economic Background.

30. To meet occupational and minimum civilian requirements the following main industries were put into operation when the reorganisation of the essential

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

industries began: steel, mining supplies, agricultural machinery, textiles, building materials, chemicals (fertilisers, soap, pharmaceutical products, vaccines). A plan known as the Spartan plan was devised to co-ordinate essential supplies of coal, iron, steel, timber and power, all in short supply, to basic industries. The targets set under this plan are inevitably low. The quota of steel output planned for the second quarter of this year is no more than 400,000 tons, which is only a fraction of that permitted by the level of industry plan. Insufficient steel in its turn affects the coal output for which both the other German industries and the European countries are desperately competing. The general situation is bad. The over-all industrial production of the zone at the end of February was estimated at 15 per cent. of the pre-war level. Progress in restoring industrial output is limited by shortage of transport, steel, coal and other raw materials. Given the low industrial output, unemployment is at present surprisingly small. The latest figures show only 360,000 unemployed, with 275,000 unemployable. They may, however, conceal some hidden unemployment as workers still hold considerable savings and may not trouble to look for work while there is so little to buy for their wages.

31. The administration of the Ruhr mines is conducted by a British organisation named the North German Coal Control. The former owners have been expropriated and the ownership is held for the time being by British custodians. Before the recent cut in the food ration, production of coal had been raised to about 40 per cent. of pre-war, or over a million tons a week. 225,000 men were working in the Ruhr mines in February, 1946, and great, though not very successful, efforts were being made to increase the man-power in the industry. The immediate prospect is not good for the following reasons: the miners and their families are underfed, there is shortage of trained man-power, many experienced managers and foremen have been removed on account of their Nazi sympathies, the machinery needs renovation, but this is rendered impossible by the governmental directive which gives the lion's share of the production to export.

32. Of even greater immediate importance than coal is the problem of food. Here the situation is nothing less than alarming. It has already been referred to in Section II of this Annex. The acuteness of this problem may be judged by the fact that our present efforts are directed not to increasing the 1,000 calorie ration, but to preventing its further reduction. But this scale of nourishment means slow starvation and, if it is not soon improved, the consequences, both physical and moral, will be incalculable.

33. A further problem that deserves mention is that of housing. Its seriousness needs no emphasis and will be increased by the further influx of refugees from Poland, of whom 1½ million are to be expected in the zone during the coming months.

Occupation Forces.

34. It is hoped that by the end of the year the numbers of the British forces of occupation, including the Air Force, will be reduced to about 137,000. They will be supplemented by two Belgian divisions, and it is possible that some of the other western Allies may make a contribution. The establishment of the British Element of the Control Council is to be reduced to 20,000 by the end of the year.

Occupation Costs.

35. In his budget speech the Chancellor of the Exchequer gave a figure of £80 million as the estimate for the cost of civil administration and food imports. This is a nett figure after deducting the prospective proceeds of exports. Nor does it include the cost of the military establishment. The present figure for the pay and allowances of the troops of occupation is about £65 million a year. This will, of course, be reduced as the numbers of the occupying forces are brought down. The most serious expenditure is on food imports, as for the greater part they are paid for in dollars. The Potsdam Agreement provided that imports should constitute a first charge on exports, but it is unlikely that all imports will be covered in this way for a considerable time. Discussions are proceeding with our Allies with a view to modifying the present arrangements which weigh particularly heavily on the British zone.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

B.—*United States Zone.*

Administration and Politics.

36. The Americans approached the problem from the standpoint of getting quick results. Their aim was twofold: first, to "liquidate" the war by drastic implementation of the Potsdam provisions in respect of denazification, disarmament, demilitarisation and de-industrialisation; secondly, to transfer to the Germans as quickly as practicable responsibility for administration both in the zone and at the centre. The Germans would be encouraged to work for recovery and to establish a democratic Germany with a peaceful economy, sufficient to ensure an average European standard of living.

37. The kind of time-table the Americans appear to have set themselves was as follows:—

Elections at the lowest level (January, 1946).

Elections at rural and municipal district levels (March and May, 1946).

"Land" elections for the three State legislatures: Bavaria, Hesse, Würtemberg-Baden (October, 1946).

Central German administrations for economic purposes to be established immediately after Potsdam.

The second phase of control, that of "gradual recovery," to start from the 2nd February, 1946, the date on which the reparation plan was to be determined in accordance with the Potsdam Agreement.

Transfer from military to civilian control to take place on the 1st June, 1946.

Main tasks of occupation to be finished by the end of 1947. Zonal frontiers could be opened and a German administration set up. In 1948 the occupational forces could be withdrawn and by the end of that year the peace could be signed. The military phase would be over.

Control would be exercised for a further ten to fifteen years. Germany would then join U.N.O.

38. This general approach, based on the principle of indirect control and a relatively short occupation, had numerous attractions. Germany's war potential would be drastically eliminated; the "boys" could be got home quickly; indirect control would permit of economy in American man-power; Germany would be self-supporting at an early date.

39. Things have not worked out altogether as the Americans hoped. At the centre their hope of transferring responsibility to the Germans for economic matters has been blocked by the refusal of the French to agree to central German administrations. In the zone the American administration, though not without merits—it has shown remarkable efficiency, for example, in restarting public services and repairing the transport system—has on the whole been disappointing. This is perhaps due fundamentally to the fact that the average American does not belong in Europe and is only anxious to get home. In this the American soldiers, whether of the forces of occupation or of military government, have been all too successful, and continuity of administration has been woefully hampered by perpetual changes in personnel due to demobilisation. The hoped-for transfer from military to civilian control has, moreover, been blocked at Washington by the refusal of the State Department to take over the responsibility.

40. There have been sensational stories of misbehaviour by the G.I.s (the sternest critics being the American home press) and, though these are no doubt much exaggerated, the fact remains that the G.I.s do not seem to have earned great respect from the population. Much trouble, too, has been caused by the rigid and ruthless manner in which denazification has been carried out. No care seems to have been exercised to avoid the creation of an unmanageable body of discontents.

41. But it would be a mistake to paint too black a picture. The Americans have, in fact, succeeded in their main purpose of setting up German authorities and handing over to them the responsibility for administration. In this they have gone further than any of their partners, for the three States in the American zone have now Governments of their own. These are, so far, nominated bodies and, in respect of the population, have almost dictatorial powers. In due course they will be replaced by elected representatives.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

42. As regards elections, the Americans have been making the pace. Those at the lowest level were held in January, despite German requests for delay. The results followed very closely the prevalent central European trend. The Christian Socialists and non-party members took the lead. The Social Democrats came next, and the Communists were a poor third.

43. The political parties in the American zone are less influenced by what happens in Berlin. Local loyalties and traditions find their extreme expression in Bavarian separatist and monarchist movements, alleged to receive some French support. The three main parties, however, all favour political unity. Herr Hoegner, the S.P.D. Prime Minister of Bavaria, does not take so strong an anti-fusion line as Herr Schumacher in our zone. He would accept fusion with the Communists if there was a secret ballot. Kaiser, Chairman of the Berlin Committee of the Christian Democratic Union, stated, after a recent visit to the United States and British zones, that many Christian Socialists there seemed to regard the Soviet zone and Berlin as lost to communism, and that they were adopting too reactionary a line. The Church influence in Bavaria and in South Germany is also an important political factor.

Economic Background.

44. The American zone is far less industrialised than the British. Nevertheless, it contains some important industries, including the headquarters of I.G. Farben. The breaking up of large industrial complexes is everywhere a major American objective and, after this had been consecrated by the Potsdam Agreement, the American authorities took over direct control of I.G. Farben, whose assets were vested in the Control Council.

45. Industrial activity in the zone is at a low ebb, for the same reasons as impede its restoration in the British zone. Industrial output has recently been estimated at only fifteen per cent. of the pre-war level, the same percentage as in the British zone. Little coal is produced in the American zone, which depends on imports from the Ruhr.

46. The food situation can be judged by the fact that the normal ration has just been reduced to 1,275 calories. But food off the ration is more easily obtained in the American zone, which for this reason is probably the best fed of all. Before the war the zone was said to be eighty per cent. self-supporting. But food production has suffered as a result of the lack of fertilisers and agricultural machinery and of the transfer from arable to pasture land. The zone, moreover, has to support its quota of refugees, a problem which will increase as the transfer plan is implemented. One and three-quarter million are to be transferred into the zone from Czechoslovakia as well as 300,000 from Hungary.

Occupation Forces.

47. A recent United States press report gave an estimate of 306,000 troops in Germany and Austria in June, to be reduced to 100,000 in Germany alone by the end of the year. The first figure would fit in with other statements made. The end of the year figure does not, however, agree with a statement made by General McNarney, the United States Commander-in-Chief, who put it at 300,000. What is certain is that, all going well, large-scale withdrawals at an early date are planned. These forces would be replaced by a specially recruited American mobile "occupational constabulary." The location in Germany of a super-Bomber Fortress Force has also been suggested. It is probable that the United States Government have no firm plans for the length of time they will continue to maintain an army of occupation in Germany. At the start they certainly contemplated a short occupation of about a couple of years. But lately they seem to be becoming impressed with the need to maintain their forces if they wish to exercise their proper influence in European policy. In a recent speech the Assistant Secretary of State at the State Department declared that America was determined to retain enough troops in Germany to see that Germany was reduced to a predominantly agricultural State.

C.—*The French Zone.*

Administration and politics.

48. The French position in Germany is a difficult one. Their defeat in 1940, their small contribution to the final victory, their own internal perplexities and

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223962

their exclusion from the international conferences in which policy towards Germany has been decided, have inevitably placed them in an inferior position. Their zone of occupation bears all the traces of having been an afterthought. It was carved out of the British and United States zones and is shaped like a figure of eight. The boundary goes through the provinces of Würtemberg and Baden, leaving the capitals of both in the American zone. Desultory negotiations have for some time been in progress with the Americans for its rectification. Except for the Saar the zone is largely poor, agricultural territory.

49. Despite their weak international position the French have made strenuous efforts to impress upon the Germans under their control the glory and magnanimity of France, to reconcile them to French control by offering them the co-operation of France and to attach them to the ideas of western and French civilisation. But these efforts have been prejudiced by a certain inefficiency of administration, a certain insecurity induced by requisitioning of food and property, and a general tendency to exploit the resources of the French zone for the benefit of France. These derive from the natural desire of the French troops to compensate themselves and to get their own back for the long sufferings inflicted by the Germans on France. In this there is a marked difference of outlook between the forces of occupation and the paternalism of military government officers.

50. The headquarters of the French military government and of the forces of occupation are located in Baden-Baden. Military government, which has been extensively civilianised, consists of a central administration which receives its directives from Paris rather than Berlin. In Paris a special control office has been set up, as in London, to deal with the affairs of Germany and Austria. The zone is divided into five districts, each under a "délégué supérieur." Administration in the districts is based largely on the principle of indirect control, and military government works through a reconstituted German civil service. The intention is to set up German civil directorates in each district and, when these find their feet, to withdraw military government. There is no central German administration for the zone.

51. The three main political parties have been authorised and the French intend to start holding elections next September. Hitherto political activities, as also trade union development, seem to have been fairly rigidly restricted to a local character and the re-establishment of political contacts on an all-German basis is discouraged. The French hold strongly to the conception of decentralisation.

52. The administration of the French zone has frequently been criticised as inefficient by the Germans. But it has come under even stronger criticism from left-wing circles in France who complain that the French personnel are largely drawn from Vichy elements. There have also been some rather scathing comments on the number of personnel employed.

Economic Background.

53. The French attach very great importance to the Saar which they wish to keep under permanent occupation and to incorporate in the French customs and monetary unit. They also wish for the ownership of the mines to revert to France. As an immediate measure they have asked that the territory should, like the areas transferred at Potsdam to Polish administration, be transferred to French administration and removed from the competence of the Allied Control Authority in Berlin. Meanwhile they seem to have taken energetic steps to re-activate the mines which are now producing at about fifty per cent. of the pre-war output. In 1938 annual production was running at nearly 14 million tons.

54. Before the war the zone was said to be eighty per cent. self-sufficient. The food situation to-day is however very bad. The official "normal consumer's" ration in March was 1,075 calories, but a quadripartite commission recently reported that in certain areas it was not much above 800 calories. There are special reasons for this in addition to those which have caused the deterioration in the British and American zones. In the first place the French occupation forces live largely off the land. Secondly, large exports were made to France, particularly in the early phase of the occupation.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223983

Occupation Forces.

55. It is believed that French occupation forces in Germany have recently been drastically reduced. They are now estimated at between 60,000 and 100,000. At one time the figure was put as high as 230,000. French officers, officials and N.C.O.s are entitled to bring their wives and families with them to the French zone This they appear to have done on a large scale.

D.—*Soviet Zone.*

Administration and politics.

56. The first reports from the Soviet zone were black: famine, disease, disorder, mass removals of equipment, machinery, livestock, rails and even of people. The German population was terrified, and everything seemed to have turned out just as Dr. Goebbels had predicted. War had come home to roost with a vengeance. Conditions in the zone during the first period, with the exception perhaps of Saxony and Thuringia, were, in fact, appalling. In Frankfurt on the Oder the Soviet-installed burgomaster told members of the first conducted press tour that 12,000 people, one-sixth of the population, had died in the first six months from sheer hunger. This statement was later officially amended to 12,000 deaths by all causes. In the first flush of victory and after the reconquest of their own devastated areas, the Red Army were not in the mood to respect persons or property. To have held them back would probably in any case have been impossible. But it was above all the Soviet " iron curtain " policy which gave plausibility to the wildest rumours. It was felt that there must be something to hide.

57. When, therefore, in January, the first carefully conducted journalists were allowed to visit the zone, it came as a general surprise that conditions in Saxony and Thuringia, if not in Brandenburg, though far from good, were much the same as in the other zones. There were several reports of a " maze of smoking chimney stacks," of conditions that compared very favourably with those in the Polish administered territories over the border. There can be little doubt that they were on the whole correct, and that behind the " iron curtain," lifted on occasion to suit Russian convenience, a positive policy was being pursued. Admittedly, reorganisation was accompanied by some confusion and inconsistencies. In their closed zone the Russians were evidently digging themselves in. They were not merely ruthlessly eradicating a Fascist order, but also energetically creating a new order to put in its place, the new order being based on a single class, a single party and a controlled economic pattern.

58. If the new order was to become lasting and real, it had to be built up wherever possible on convinced and indoctrinated German Communists, though time-servers from other German parties could provisionally be utilised. Full use was accordingly made of those Germans who had been trained in Moscow, and it has been claimed that some 7,500 picked ex-Wehrmacht men from the U.S.S.R. were returned to Germany for this purpose. The members of the Free German Committee in Moscow were allegedly flown back to Berlin. Wide powers and privileges were at an early stage given to these Germans, though ultimate Soviet control was absolute. Orders had to be followed implicity. Political discipline and obedience were the highest qualifications. The strength of this approach, backed as it was by intensified propaganda, land reform and appeals to national sentiment, lay in the fact that it gave purpose and direction to forces which had for long been repressed. What had been done in " Brown " was now being done in " Red."

59. All Soviet actions in Germany are based on Potsdam, but, as General Sokolovsky, now Commander-in-Chief, once pointed out, the really essential feature in Potsdam from his point of view is " democratisation." Other problems such as reparation and the standard of living are by comparison relatively unimportant. The first task was to save Germany's political soul. Once this had been thoroughly done in the Soviet zone, it could perhaps be extended to the western zones, where social and economic disintegration would probably help to expedite the process.

60. The administration of government in the zone is carried out by Germans. Strict control is exercised and the initiation of all policy rests solely with the Soviet authorities. German administrations have been set up on a " Land " basis. Central departments have also been in existence for some time, and the progress

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223964

towards a zonal administration is further advanced than in our zone. The German administrative personnel is nominally drawn from members of the anti-Fascist United Front (Communists, Social Democrats, Christian Socialists and Liberal Democrats). Most of the key posts are in fact held by Communists. German administrators have both executive and legislative powers, but their authority is based on Soviet rather than popular support and no elections have yet been held.

61. Anti-Fascist parties were set up immediately after the collapse, and later the four main parties of the United Front referred to above were allowed to develop. The idea of Berlin as the capital of Germany and the headquarters of German parties in all zones was encouraged. The traffic of ideas was, however, to be one way. Berlin views and Marxism were to be exported and dumped on the western political market, but *bourgeois* democratic sentiments were not to be imported in exchange. When elections are held it is likely that the United Front will go to the poles as a single list, though the Liberal parties will perhaps be allowed to participate separately in order to create the illusion of democracy and to keep the door into the western zones open. But the Social Democrats have already been practically eliminated and forced into fusion with the Communists as a Socialist Unity Party. That there was no genuine and spontaneous wish for fusion can be seen from the resistance with which it has met in Berlin where the Social Democrats can hope for support from the Western Allies. But in the Soviet zone itself the Social Democrats have succumbed to the mixture of bribery and intimidation to which they have been intensively subjected.

62. In addition to the political parties, the Soviet authorities make great use of trade unions to further their ideas. Trade union activity on a strictly Soviet model is sedulously fostered. The co-operative movement is also put to use and will no doubt be developed, as elsewhere, as a means of eliminating all opposition through the use of the ration card.

63. Meanwhile propaganda to Germans is being intensified. Repeated rumours are heard that once the Socialist Unity Party is set up Soviet occupation forces will be withdrawn. There have been inspired rumours that German reparation plant will not be removed. There is also talk of a possible revision of Germany's eastern frontier. The issue of German political unity has been exploited to the full. The Communists (and all the Berlin parties) have spoken strongly in favour of the Ruhr for the German worker. Separatist movements have been attacked. Berlin Communists have also to some extent encouraged the public to compare the relative order and prosperity in the east with the chaos and famine in the west.

Economic Background.

64. At an early stage of their occupation the Soviet authorities carried out sweeping reforms of the banking and insurance system. The existing firms were closed down and new public institutions set up in their place. There is less evidence that they have taken any steps to nationalise industries, though no doubt many of the old captains of industry have been eliminated as have the large landowners. These are said to have been deported to the island of Rügen where they are set to menial work. In industry there have been very extensive removals of plant which will probably continue, but it is doubtful whether they have been on the vast scale originally imagined. There are in fact indications that reconstruction is contemplated on the lines of a planned economy to be put to the use of a Soviet five-year plan. Industrial activity in Saxony has been estimated at 35 per cent. of normal. British journalists who visited Dresden were told that some 12,000 factories, largely producing consumer goods, were back in production. There is said to be sufficient brown coal to enable the factories to operate, coal being the main bottleneck both in the British and United States zones. At an industrial exhibition in the Zeiss Ikon building in Dresden in February of this year, some 3,000 exhibitors were said to have been represented. The Leipzig Fair is to be started again; it is significant that the order to this effect was signed by Marshal Zhukov and that business men from other zones are to be invited to attend. Trade with the western zones is practically non-existent, but on occasion special deals have been allowed. Textiles to the value of £38,000 were sent to the British zone in exchange for fifteen lorries and 600 tyres. Some exchange on a similar barter basis has taken place with the American zone. Most finished products are, however, likely to be sent east. A recent report

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223965

was given over the Berlin Radio that 30,000 tons of cotton and flax had been sent from the U.S.S.R. for processing in the zone. Another report suggests that rails running east and west are not to be removed. It is perhaps too early to judge from such unco-ordinated pieces of information what Soviet industrial policy is or to what extent the German industrial capacity can be put to the use of the Soviet five-year plan. But it may well be that the Soviet authorities are anxious to see a far more drastic de-industrialisation in western Germany than they are themselves prepared to accept in the east. A clearer estimate of their policy may become possible when, as is now contemplated, liaison missions are exchanged between the zones.

65. The land reform is the most sweeping economic measure so far carried out. It was completed quickly and ruthlessly. The immediate effect of the splitting up of the large estates has probably led to a reduction of food output, but it was almost certainly conceived primarily as a political measure. It eliminated the Junker class and it also provided small holdings for a considerable number of refugees and formerly landless peasants. All the estates over 100 hectares were broken up and redistributed in 5-hectare holdings. The redistribution of farm machinery, horses and cattle was obviously far more difficult. The measure is probably, on the whole, popular. It implies a fundamental change in the social and economic structure of eastern Germany. Whether it will prove, or, indeed, is designed to be, lasting is another matter. The new holdings are regarded by experts as too small to be economic and the collective farm may be the final solution.

66. Food rations are at present estimated at 1,580 calories in Berlin, Dresden and Leipzig, 1,260 in the larger towns, and 1,020 in the remaining areas. There is little reason to think that food conditions are better than in the west or that they will be so for some time to come. In some districts there are reports of famine. It has, however, been said that the present ration scale will be maintained until the new harvest. No food has yet been sent from these normally surplus areas to the western zones, though there have been reports of some going to Russia and Poland. Large quantities are also required for the Red Army, which lives off the land.

Occupational forces.

67. The total number of Soviet forces in Germany is not known. Press reports have put the figure at 1 million. It is, however, surprising that most reports on the zone state that Soviet troops are not much in evidence. There have been fairly widespread rumours that Soviet occupation forces would be withdrawn once a Socialist Unity Party had been set up and that they would be replaced by a special police force. But there are no signs that the Soviet Government has set any limit to the period of occupation. Marshal Zhukov has been quoted as saying " We will never leave Germany."

E.—*Berlin.*

The City's importance.

68. Berlin politically to-day is three things: the capital of defeated Germany, the seat of the Allied Control Council and the centre of the Soviet zone and headquarters of the Soviet Military Government.

69. As the old capital Berlin has importance in the following ways: The association and tradition of government remain—once a capital, always a capital. Again, all German political parties and many Germans who do not belong to parties still regard German political unity as the one thing which must be saved out of the national wreck; the suprazonal status of Berlin is, in a way, a guarantee of that unity, for the presence of four Powers in Berlin acts as a guarantee against absolute domination by any single Power.

70. As the seat of the Allied Control Council and its subordinate committees and directorates Berlin is the place where the four zones, as well as the four Powers, meet. Its four sectors are British, American, Soviet and French respectively. They are the zones of Berlin. Its Control Council in miniature is the Komendatura. It is a sort of fifth zone—an international island in the Soviet zone of occupation. At Potsdam it was decided to treat Germany as an economic whole and to establish certain German central administrations.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223966

Berlin is, inevitably, the place where such administrations would be set up and the only logical centre of such an economic whole.

71. As to Berlin's position as the centre of the Soviet zone and the headquarters of the Soviet occupation forces, it should be remembered that the city was captured by Soviet troops and, on the principle that takings are keepings, it is not surprising that they should regard it as more theirs than anybody else's. Also, while they were in sole charge they were able to do the initial cleaning up. Soviet nominees were appointed to many posts in the city administration and police. This influence remains. An island in the Soviet zone, Berlin is largely dependent on Soviet goodwill. The three western Allies are responsible for the feeding of their respective sectors, but the food, the trains, the roads, must all pass through Soviet territory. For the Soviet Element it is the home ground. The western Allies are playing away.

The K.P.D.–S.P.D. struggle.

72. On the German internal political level the most important issue at the moment is the K.P.D.–S.P.D. fusion struggle. In its briefest outline the position is that the Soviet authorities are anxious to see the S.P.D. and the K.P.D. merged into a single Socialist Unity Party at the earliest date, as they have already merged in the Soviet zone itself. Such a party would essentially be dominated by its communist element and the Social Democrats would, in fact, lose both their independence and character.

73. The Social Democrats in Berlin at first tried to postpone the decision on fusion pending an all-German Social Democrat conference. Pressure was however, brought to bear on both the central executive committee and the Berlin executive committee with the result that the leaders of the party eventually came out in favour of fusion. They were not, however, able to carry all their party with them in this decision with the result that the party split into anti- and pro-fusion groups. The anti-fusion, or independent, Social Democrats succeeded in organising a referendum in the three western sectors of Berlin on the 31st March, and 80 per cent. of those who voted were against fusion, although 62 per cent. were prepared to co-operate with the Communist Party. The Soviet authorities did not allow voting to take place in their sector and subsequently did all they could to show that the results of the referendum were indecisive and meaningless. Meanwhile they organised conferences both of the S.P.D. and the Communists. The two parties held separate conferences on the 19th and 20th April, followed by a combined conference on Easter Sunday and Monday. These conferences were regarded as Reichsparty rallies, delegates from the western zone being invited and elected to the central committees of both parties and also of the Socialist Unity Party. The fusion of the S.P.D. and K.P.D. in the Soviet zone was announced on Easter Monday. At the time of writing the new Socialist Unity Party has not yet applied to the Allied Komendatura for permission to exist in Berlin. In practice it exists in the Soviet sector, while in the western sectors it has been made known that no meetings of the new party or the opening of offices will be allowed until the Komendatura has agreed to the statutes and programme of the party. There appears to be no reasonable doubt that the independent Social Democrat Party can maintain itself in the western sectors, but inevitably greatly increased pressure will be brought to bear on it by the Russians and the German Communists.

The importance of keeping a foothold in Berlin.

74. The conflict of national interests in policy towards Germany is reflected in miniature in the quadripartite control of Berlin. It might at first sight be argued that it would avoid friction all round if Berlin were left to the Russians, and that in remaining there we are only going out of our way to invite Allied quarrels in what seems essentially a German cause. This would, however, appear to be a shortsighted view. The importance of Berlin has already been emphasised. If our foothold were lost, eastern Germany would be completely sealed off from the west. Such division would be purely one-sided, since the western Allies would find that they could not effectively seal off western Germany from the east—just as to-day Soviet views and news are exported to the world but little world news is imported into the U.S.S.R. In addition our withdrawal from Berlin, and the loss of prestige it must involve, would go far to convince many Germans in the west that unity and security could only be achieved by accepting communism in their turn. They would surely feel that Soviet domination in the east had come to stay and they would wonder how long the western Powers would continue to hold on in western Germany.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223967

IV.—Estimate of Russian Intentions.

75. It is perhaps a mistake to exaggerate the clearness of purpose of Russian policy in Germany. The Soviet Government may well be as perplexed as we are ourselves. Nevertheless certain broad conclusions may safely be drawn. It is fair to assume in the first place that the Soviet Government have retained an abiding impression of the offensive and defensive power of Germany as shown in the war. They have no wish to take any risks with Germany which, at any rate if aided in her recovery by other Powers, could once again prove a very formidable enemy. She must therefore be kept weak and safely contained. Equally formidable in Soviet eyes is a combination of the western democracies, of whose potential offensive power the late war bears eloquent witness. This combination, strong in itself, would become still stronger if harnessed to that of a Germany restored with western support and guidance. It also possesses, in Soviet eyes, a great power of political attraction for Germany. If, relying on their material power and moral influence, the western Powers could see their way to draw western Germany into their orbit, the Soviet Government would think it natural that they should proceed to do so; and they are keenly on the watch for signs of such a development.

76. There may be said therefore to be three main elements present in Soviet policy towards Germany :—

(*a*) preventing at all costs the revival of a strong and independent Germany;
(*b*) preventing western Germany with the Ruhr, or even the Ruhr alone, being brought into any close grouping of the western democracies; and
(*c*) ensuring that Germany eventually looks east and remains under strong, and if possible exclusive, Russian influence.

Meanwhile, the Soviet Government are faced with the problem of pursuing their aims in, at any rate outward, association with a group of Powers for whose material resources they have a healthy respect and for whose ulterior intentions they have a deep mistrust.

77. The manner in which they have used the Potsdam Agreement as an aid to their policy is worthy of note and, indeed, of respect. So far as the destructive measures prescribed at Potsdam are concerned they have insistently stood out for the strictest application and interpretation of the relevant clauses—*e.g.*, those relating to disarmament, demilitarisation, denazification, destruction and restriction of war potential, reparations, the scaling-down of Germany's peace-time level of industry and standard of living. On the other hand, they have been less interested in those positive or constructive provisions of the Potsdam Agreement which call for four-Power action. Germany is not yet treated as an economic whole. Interzonal trade is of negligible volume. There is no pooling of food and other resources. The Russians appear to be maintaining that in present circumstances imports and exports shall be balanced on a zonal basis. In their own zone they carry out their own political and economic policy behind an iron curtain, which has as yet been lifted only to carefully conducted visitors. This policy has a constructive as well as a repressive aspect. On the repressive side they are eliminating the *bourgeois* classes as part of the process of denazification and land reform. But a worker, even if formerly an active member of the Nazi party, may be admitted into the ruling communist fold. On this class basis they are evidently seeking to propitiate the population, by letting the Germans in large measure conduct their own affairs and even encouraging them to beat the nationalist drum. On the economic side they are reactivating German light industries for the production of consumer goods, and they may before long be able to justify their claim that material conditions in their own zone are better than elsewhere in Germany.

78. These developments prompt the question, do the Soviet Government desire to see a unitary Germany administered from Berlin as foreshadowed at Potsdam? Or do they wish to perpetuate the zonal system of administration? Some of their acts and expressions of view speak in favour of the first hypothesis, and some in favour of the second. The truth probably is that they have not yet made up their minds; that they are at present hedging, as the French delegation conveniently enables them to do by blocking the establishment of central German administrations; and that meanwhile they are making the best of both worlds, establishing themselves securely in their own zone, to which they will add Berlin if they can, while at the same time asserting and maintaining to the maximum

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223968

C223968

degree their interest in, and right of access to, the western zones and their demand for the integral application throughout Germany of those provisions of Potsdam which suit them.

79. They are unlikely to be in any hurry to modify this situation of their own accord, more particularly as both the unitary Germany and the zonal Germany have possible disadvantages from their point of view. They may also wish to avoid any fundamental decisions until after the French elections and perhaps until they can estimate the prospects of the Socialist Unity Party catching on in western Germany or, alternatively, of the western democracies successfully organising a reasonably prosperous existence in the western zones. They are probably less certain than some western thinkers that a unitary Germany governed from Berlin would necessarily be under decisive Soviet influence. Even a Communist Germany would be unlikely to forget or forgive the amputation of the eastern provinces, for all the efforts the Russians could use to divert its hostility towards the west; nor are the traditions and doctrines of Russian and German communism identical. On the other hand they may well see grave dangers in the zonal solution, lest it result in the permanent establishment of western and capitalist influence in the western zones, the incorporation of western Germany in the western *bloc*, and the integration of a revived German industry in the western economic system. An acute observer in Berlin recently summed up his view of Russian intentions as follows. The developments of the past few weeks had now convinced him that the Soviet authorities had no intention of permitting effective four-Power control over the affairs of their zone. They might conform to certain formal four-Power rules, but they would run their zone politically and economically as a matter of their own exclusive concern. They would not allow it to be effectively treated as part of a German economic whole. On the other hand they would no doubt be anxious for Germany to be treated as a unit for purposes of political activity, since this would promote the spread of the new Socialist Unity Party throughout Germany. Their hope was, from a secure and inviolable base in their own zone, to extend their influence westwards. Only when Germany was unified politically in the way they wished would they allow Germany to be unified economically and by that time they would think that Germany should be run by Germans and not by the Allies.

80. Of one thing we may be sure. They will not rest content with organising their own zone. Already they are actively supporting the Communists in the western zones and, as soon as they feel their organisation sufficiently complete, they may be counted on to launch out on a more forward policy in the west. Herr Grotewohl, the Social Democrat leader in Berlin, who has espoused the cause of fusion with the Communists, put the matter in a nutshell in a speech celebrating the decision of the party conference in favour of fusion. " The new party " he said " will not halt at the Elbe."

24th, April, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

The circulation of this paper has been strictly limited.
It is issued for the personal use of Mr Mackenzie King

TOP SECRET C223969 Copy No. 25

P.M.M.(46) 11TH MEETING, MINUTE 1

Confidential Annex

(3rd May, 1946 - 11 a.m.)

ATOMIC ENERGY

The Meeting had before them a note by the Secretaries (P.M.M.(46) 19) to which was annexed

(i) A note on United Kingdom arrangements for research and development work on atomic energy;

(ii) A note on the proposals for the international control of atomic energy.

MR. ATTLEE said that, in view of the delicate negotiations which were at present in progress between the United Kingdom Government and the Governments of the United States and Canada on the subject of atomic energy, it was important that there should be no public disclosure that this matter had been discussed in the course of the present consultations.

On the question of research and development, the Dominion Ministers were aware that our work had been based upon the close partnership with the Canadian and United States Governments which had grown up during the war. Much of the information which we possessed derived in part from American and Canadian sources and we were, therefore, bound to act in agreement with them in the use which we made of it. We had not yet negotiated a revision of our wartime agreement with the Americans and they were naturally anxious, on the one hand, that proceedings before the United Nations Commission on Atomic Energy should not be prejudiced by any fresh bilateral understanding, and on the other that knowledge of American origin should not be spread to a wider circle in advance of concessions which they might have to make as a result of recommendations of the Commission. We were still hoping to reach an understanding with them providing for the full exchange of scientific and technical information between us; but the position was delicate and there were at present limitations on our freedom of action. Subject to these limitations, we were most anxious that there should be the fullest possible co-operation between the Governments of the Commonwealth. Such co-operation might be concerned with any of the following:-

(a) fundamental scientific research;

(b) production of raw materials;

(c) large-scale plants for the production of fissile material.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

The position with regard to the international control of atomic energy was set out in Annex II to P.M.M.(46) 19. The United Nations Commission had not yet begun its deliberations, and its first task would be to consider what effective safeguards could be devised, by way of inspection and other means, to protect complying States against the hazards of violations and evasions. Mr. Attlee said that, in general, he was inclined to be sceptical about the possibility of control through an international inspectorate, and felt that in practice it would probably be necessary to build up any system of international control by stages.

U.S. Report proposes an Atomic Development Authority

This was suggested in PM's speech of Dec 17/45

Mr. Attlee then invited Lord Portal to make a statement on the United Kingdom atomic energy project.

LORD PORTAL made a full statement explaining the lines on which it was proposed that the Harwell Research Establishment should be developed and the progress already made with the setting up of the establishment. Research and development work on a considerable scale was expected to start there early next year and the existing plans for the whole establishment should have been substantially implemented by July 1947. He emphasised that the services of any scientists from the Dominions who were considered by Dominion Governments to be suitable for the work and could be spared for a time would be warmly welcomed at Harwell. He hoped that Dominion Ministers would accept in principle the temporary posting of suitable men for a period of service at Harwell after which they would return to their own country, and that in view of the difficulty of direct recruitment at such a great distance, each Government would accept responsibility for selecting and paying their own scientists during the period of attachment. If this form of co-operation were approved in principle, the details could be discussed at the official level.

Lord Portal explained that the supply of raw materials had a powerful bearing on policy and that investigations carried out in recent months tended to show that previous estimates had been optimistic. We had a fairly clear picture of where substantial supplies of uranium were likely to be found and there had been informal discussions with representatives of the Dominions on the question of carrying out raw material surveys within the Commonwealth.

With regard to the preparations for large-scale production in the United Kingdom, the headquarters of the production organisation had been set up at Risley in Lancashire and the necessary staff was being recruited. Design work was in hand for the plant required for the production of uranium metal which would be carried out at Springfields, near Preston, and the fundamental research work into the processes used in the purification of uranium ores and the manufacture of uranium metal had been carried out. On the basis of this, negotiations for the purchase of the various raw materials which were required for the processes had in some cases been completed and in other cases were actively in hand. It was hoped

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

that production operations would start at the Springfields factory in September 1947 and that the first uranium metal would be produced at about the end of that year. Preliminary consideration had also been given to the question of selecting a site for the pile and the plutonium separation plant, though it would be necessary to operate the uranium metal fabrication plant for a year before sufficient stocks of metal to start the pile were available. A great deal of other fundamental organisation work was going on at Risley and steps such as the standardisation of engineering stores, the development of systems for purchasing, progressing and programming, and estimating are well advanced.

MR. CHIFLEY said that there was some reason to believe that there might be in Australia substantial deposits of thorium which could supplement the available supplies of uranium. It was hoped to carry out a more careful survey with a view to determining what quantities of materials were available and meantime the Australian Government had already taken powers to protect the available supplies of thorium from exploitation. He asked whether there was not a danger that too much of the limited supplies of fissile material available would be devoted to warlike developments with the result that possible industrial development would be handicapped. On the question of international control, it had to be borne in mind that any scheme of control could be vitiated by failure to co-operate on the part of any one of the States concerned.

DR. EVATT pointed out that the Lilienthal Report on the International Control of Atomic Energy seemed likely to form the basis of the proposals which would be put before the United Nations Commission by the United States Government. These proposals might not be acceptable to other nations since the implicit assumption in them was that the United States would not share any information with regard to use of atomic energy for warlike purposes with other nations until such time as these other nations could in any event have obtained the information for themselves. With regard to the proposal that an International Atomic Energy Development Authority should be set up to conduct all intrinsically dangerous operations in the nuclear field, the success of this would seem to depend on the effectiveness of the proposals for denaturing fissile material, as to which scientific opinion appeared to be sceptical.

U.S. opinion considers it can be done

FIELD MARSHAL SMUTS said that, although the original estimates made by the Americans of the uranium deposits in South Africa had been too optimistic, he believed that in fact the amount available in South Africa would be found to be higher than had been suggested in the later reports made by British investigators. He was anxious that the world's supplies of material, which so far as could be seen were limited, should be used to the best advantage. He was most sceptical about the success of any scheme of international control since all the proposals which he had so far seen appeared to be incompatible with the existing conception of national sovereignty. He felt therefore that the British Commonwealth should not place too much reliance on the outcome of the proposals for international control and that in the meantime every effort should be made to promote research and development and to find sources of raw materials within the Commonwealth. He hoped that it would not be found that the United States were monopolising all the available Canadian supplies.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

MR. NASH said that a recent expedition to a remote part of the West coast of New Zealand had given some reason to hope that some supplies of raw material would be found in New Zealand. The New Zealand Government favoured international control and felt that the right line of advance was that suggested by the Washington Declaration, namely the consolidation and extension of the authority of the United Nations Organisation and the creation of conditions of mutual trust in which all people would be free to devote themselves to works of peace. Unless an advance could be made on these lines he did not believe that mere fear of the results of the use of atomic weapons would deter an aggressor. At the same time he agreed that in the meantime the members of the Commonwealth should safeguard their position by developing the resources available to them.

MR. NOEL BAKER said that he had been in the United States when the Lilienthal Report had been published. The conclusions in the report had not yet been accepted by the United States Government, but it was not unlikely that they would be put forward by the United States Government to the United Nations Commission, and it might be that the concept of an International Atomic Energy Development Authority would promote that spirit of international goodwill and co-operation which was the essential basis of any scheme of international control.

MR. ATTLEE said that the general feeling of the meeting seemed to be that the members of the British Commonwealth should lend their support to the establishment of a scheme for international control under the aegis of the United Nations Organisation. At the same time, however, it had to be recognised that the successful working out of such a scheme was problematical, and it was essential that we should go ahead in the meantime with research and development and with the exploitation of raw material resources within the British Commonwealth. For this purpose it was desirable that all the raw material possibilities in the Commonwealth should be fully surveyed, and he hoped also that Dominion Governments would be willing to help forward the United Kingdom programme of research and development by lending scientists to serve for agreed periods with the team at Harwell. He thought there was general agreement that we should do all we could to co-operate together in these matters.

Cabinet Office, S.W.1.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

W.L.M. KING PAPERS
MG 26 J4

PAGES C223973 to C223977 have been removed from circulation at the request of the Department of External Affairs.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

U. K. Emphasis

C223978

1) Survey of raw materials in Commonwealth.

2) Recruiting of scientific personnel to serve for agreed periods in U. K. research establishments (Salary &c to be paid by the home government concerned)

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

C223979

The circulation of this paper has been strictly limited. It is issued for the personal use of Mr. MacKenzie King.

TOP SECRET. Copy No. 22

P.M.M. (46) 11th Meeting.

MEETING OF PRIME MINISTERS.

CONFIDENTIAL ANNEX, MINUTE 1.

(3rd May, 1946—11 a.m.)

Atomic Energy.

THE Meeting had before them a note by the Secretaries (P.M.M. (46) 19) to which was annexed—

(i) a note on United Kingdom arrangements for research and development work on atomic energy;
(ii) a note on the proposals for the international control of atomic energy.

MR. ATTLEE said that, in view of the delicate negotiations which were at present in progress between the United Kingdom Government and the Governments of the United States and Canada on the subject of atomic energy, it was important that there should be no public disclosure that this matter had been discussed in the course of the present consultations.

On the question of research and development, the Dominion Ministers were aware that our work had been based upon the close partnership with the Canadian and United States Governments which had grown up during the war. Much of the information which we possessed derived in part from American and Canadian sources and we were, therefore, bound to act in agreement with them in the use which we made of it. We had not yet negotiated a revision of our war-time agreement with the Americans and they were naturally anxious, on the one hand, that proceedings before the United Nations Commission on Atomic Energy should not be prejudiced by any fresh bilateral understanding, and on the other that knowledge of American origin should not be spread to a wider circle in advance of concessions which they might have to make as a result of recommendations of the Commission. We were still hoping to reach an understanding with them providing for the full exchange of scientific and technical information between us; but the position was delicate and there were at present limitations on our freedom of action. Subject to these limitations, we were most anxious that there should be the fullest possible co-operation between the Governments of the Commonwealth. Such co-operation might be concerned with any of the following:—

(*a*) Fundamental scientific research.
(*b*) Production of raw materials.
(*c*) Large-scale plants for the production of fissile material.

The position with regard to the international control of atomic energy was set out in Annex II to P.M.M. (46) 19. The United Nations Commission had not yet begun its deliberations, and its first task would be to consider what effective safeguards could be devised, by way of inspection and other means, to protect complying States against the hazards of violations and evasions. Mr. Attlee said that, in general, he was inclined to be sceptical about the possibility of control through an international inspectorate, and felt that in practice it would probably be necessary to build up any system of international control by stages.

Mr. Attlee then invited Lord Portal to make a statement on the United Kingdom atomic energy project.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223980

LORD PORTAL made a full statement explaining the lines on which it was proposed that the Harwell Research Establishment should be developed and the progress already made with the setting up of the establishment. Research and development work on a considerable scale was expected to start there early next year and the existing plans for the whole establishment should have been substantially implemented by July 1947. He emphasised that the services of any scientists from the Dominions who were considered by Dominion Governments to be suitable for the work and could be spared for a time would be warmly welcomed at Harwell. He hoped that Dominion Ministers would accept in principle the temporary posting of suitable men for a period of service at Harwell after which they would return to their own country, and that in view of the difficulty of direct recruitment at such a great distance, each Government would accept responsibility for selecting and paying their own scientists during the period of attachment. If this form of co-operation were approved in principle, the details could be discussed at the official level.

Lord Portal explained that the supply of raw materials had a powerful bearing on policy and that investigations carried out in recent months tended to show that previous estimates had been optimistic. We had a fairly clear picture of where substantial supplies of uranium were likely to be found and there had been informal discussions with representatives of the Dominions on the question of carrying out raw material surveys within the Commonwealth.

With regard to the preparations for large-scale production in the United Kingdom, the headquarters of the production organisation had been set up at Risley in Lancashire and the necessary staff was being recruited. Design work was in hand for the plant required for the production of uranium metal which would be carried out at Springfields, near Preston, and the fundamental research work into the processes used in the purification of uranium ores and the manufacture of uranium metal had been carried out. On the basis of this, negotiations for the purchase of the various raw materials which were required for the processes had in some cases been completed and in other cases were actively in hand. It was hoped that production operations would start at the Springfields factory in September 1947 and that the first uranium metal would be produced at about the end of that year. Preliminary consideration had also been given to the question of selecting a site for the pile and the plutonium separation plant, though it would be necessary to operate the uranium metal fabrication plant for a year before sufficient stocks of metal to start the pile were available. A great deal of other fundamental organisation work was going on at Risley and steps such as the standardisation of engineering stores, the development of systems for purchasing, progressing and programming, and estimating are well advanced.

MR. CHIFLEY said that there was some reason to believe that there might be in Australia substantial deposits of thorium which could supplement the available supplies of uranium. It was hoped to carry out a more careful survey with a view to determining what quantities of materials were available and meantime the Australian Government had already taken powers to protect the available supplies of thorium from exploitation. He asked whether there was not a danger that too much of the limited supplies of fissile material available would be devoted to warlike developments, with the result that possible industrial development would be handicapped. On the question of international control, it had to be borne in mind that any scheme of control could be vitiated by failure to co-operate on the part of any one of the States concerned.

DR. EVATT pointed out that the Lilienthal Report on the International Control of Atomic Energy seemed likely to form the basis of the proposals which would be put before the United Nations Commission by the United States Government. These proposals might not be acceptable to other nations since the implicit assumption in them was that the United States would not share any information with regard to use of atomic energy for warlike purposes with other nations until such time as these other nations could in any event have obtained the information for themselves. With regard to the proposal that an International Atomic Energy Development Authority should be set up to conduct all intrinsically dangerous operations in the nuclear field, the success of this would seem to depend on the effectiveness of the proposals for denaturing fissile material, as to which scientific opinion appeared to be sceptical.

FIELD-MARSHAL SMUTS said that, although the original estimates made by the Americans of the uranium deposits in South Africa had been too

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223980

LORD PORTAL made a full statement explaining the lines on which it was proposed that the Harwell Research Establishment should be developed and the progress already made with the setting up of the establishment. Research and development work on a considerable scale was expected to start there early next year and the existing plans for the whole establishment should have been substantially implemented by July 1947. He emphasised that the services of any scientists from the Dominions who were considered by Dominion Governments to be suitable for the work and could be spared for a time would be warmly welcomed at Harwell. He hoped that Dominion Ministers would accept in principle the temporary posting of suitable men for a period of service at Harwell after which they would return to their own country, and that in view of the difficulty of direct recruitment at such a great distance, each Government would accept responsibility for selecting and paying their own scientists during the period of attachment. If this form of co-operation were approved in principle, the details could be discussed at the official level.

Lord Portal explained that the supply of raw materials had a powerful bearing on policy and that investigations carried out in recent months tended to show that previous estimates had been optimistic. We had a fairly clear picture of where substantial supplies of uranium were likely to be found and there had been informal discussions with representatives of the Dominions on the question of carrying out raw material surveys within the Commonwealth.

With regard to the preparations for large-scale production in the United Kingdom, the headquarters of the production organisation had been set up at Risley in Lancashire and the necessary staff was being recruited. Design work was in hand for the plant required for the production of uranium metal which would be carried out at Springfields, near Preston, and the fundamental research work into the processes used in the purification of uranium ores and the manufacture of uranium metal had been carried out. On the basis of this, negotiations for the purchase of the various raw materials which were required for the processes had in some cases been completed and in other cases were actively in hand. It was hoped that production operations would start at the Springfields factory in September 1947 and that the first uranium metal would be produced at about the end of that year. Preliminary consideration had also been given to the question of selecting a site for the pile and the plutonium separation plant, though it would be necessary to operate the uranium metal fabrication plant for a year before sufficient stocks of metal to start the pile were available. A great deal of other fundamental organisation work was going on at Risley and steps such as the standardisation of engineering stores, the development of systems for purchasing, progressing and programming, and estimating are well advanced.

MR. CHIFLEY said that there was some reason to believe that there might be in Australia substantial deposits of thorium which could supplement the available supplies of uranium. It was hoped to carry out a more careful survey with a view to determining what quantities of materials were available and meantime the Australian Government had already taken powers to protect the available supplies of thorium from exploitation. He asked whether there was not a danger that too much of the limited supplies of fissile material available would be devoted to warlike developments, with the result that possible industrial development would be handicapped. On the question of international control, it had to be borne in mind that any scheme of control could be vitiated by failure to co-operate on the part of any one of the States concerned.

DR. EVATT pointed out that the Lilienthal Report on the International Control of Atomic Energy seemed likely to form the basis of the proposals which would be put before the United Nations Commission by the United States Government. These proposals might not be acceptable to other nations since the implicit assumption in them was that the United States would not share any information with regard to use of atomic energy for warlike purposes with other nations until such time as these other nations could in any event have obtained the information for themselves. With regard to the proposal that an International Atomic Energy Development Authority should be set up to conduct all intrinsically dangerous operations in the nuclear field, the success of this would seem to depend on the effectiveness of the proposals for denaturing fissile material, as to which scientific opinion appeared to be sceptical.

FIELD-MARSHAL SMUTS said that, although the original estimates made by the Americans of the uranium deposits in South Africa had been too

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

optimistic, he believed that in fact the amount available in South Africa would be found to be higher than had been suggested in the later reports made by British investigators. He was anxious that the world's supplies of material, which, so far as could be seen, were limited, should be used to the best advantage. He was most sceptical about the success of any scheme of international control, since all the proposals which he had so far seen appeared to be incompatible with the existing conception of national sovereignty. He felt, therefore, that the British Commonwealth should not place too much reliance on the outcome of the proposals for international control and that in the meantime every effort should be made to promote research and development and to find sources of raw materials within the Commonwealth. He hoped that it would not be found that the United States were monopolising all the available Canadian supplies.

MR. NASH said that a recent expedition to a remote part of the west coast of New Zealand had given some reason to hope that some supplies of raw material would be found in New Zealand. The New Zealand Government favoured international control and felt that the right line of advance was that suggested by the Washington Declaration, namely, the consolidation and extension of the authority of the United Nations Organisation and the creation of conditions of mutual trust in which all people would be free to devote themselves to works of peace. Unless an advance could be made on these lines he did not believe that mere fear of the results of the use of atomic weapons would deter an aggressor. At the same time he agreed that in the meantime the members of the Commonwealth should safeguard their position by developing the resources available to them.

MR. NOEL-BAKER said that he had been in the United States when the Lilienthal Report had been published. The conclusions in the report had not yet been accepted by the United States Government, but it was not unlikely that they would be put forward by the United States Government to the United Nations Commission, and it might be that the concept of an International Atomic Energy Development Authority would promote that spirit of international goodwill and co-operation which was the essential basis of any scheme of international control.

MR. ATTLEE said that the general feeling of the meeting seemed to be that the members of the British Commonwealth should lend their support to the establishment of a scheme for international control under the ægis of the United Nations Organisation. At the same time, however, it had to be recognised that the successful working out of such a scheme was problematical, and it was essential that we should go ahead in the meantime with research and development and with the exploitation of raw material resources within the British Commonwealth. For this purpose it was desirable that all the raw material possibilities in the Commonwealth should be fully surveyed, and he hoped also that Dominion Governments would be willing to help forward the United Kingdom programme of research and development by lending scientists to serve for agreed periods with the team at Harwell. He thought there was general agreement that we should do all we could to co-operate together in these matters.

Cabinet Office, S.W. 1.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

C223982

The circulation of this paper has been strictly limited. It is issued for the personal use of Mr. Mackenzie King

TOP SECRET. Copy No. 23

P.M.M. (46) 11th Meeting.

MEETING OF PRIME MINISTERS.

CONFIDENTIAL ANNEX, MINUTE 1.

(3rd May, 1946—11 a.m.)

Atomic Energy.

THE Meeting had before them a note by the Secretaries (P.M.M. (46) 19) to which was annexed—

(i) a note on United Kingdom arrangements for research and development work on atomic energy;
(ii) a note on the proposals for the international control of atomic energy.

MR. ATTLEE said that, in view of the delicate negotiations which were at present in progress between the United Kingdom Government and the Governments of the United States and Canada on the subject of atomic energy, it was important that there should be no public disclosure that this matter had been discussed in the course of the present consultations.

On the question of research and development, the Dominion Ministers were aware that our work had been based upon the close partnership with the Canadian and United States Governments which had grown up during the war. Much of the information which we possessed derived in part from American and Canadian sources and we were, therefore, bound to act in agreement with them in the use which we made of it. We had not yet negotiated a revision of our war-time agreement with the Americans and they were naturally anxious, on the one hand, that proceedings before the United Nations Commission on Atomic Energy should not be prejudiced by any fresh bilateral understanding, and on the other that knowledge of American origin should not be spread to a wider circle in advance of concessions which they might have to make as a result of recommendations of the Commission. We were still hoping to reach an understanding with them providing for the full exchange of scientific and technical information between us; but the position was delicate and there were at present limitations on our freedom of action. Subject to these limitations, we were most anxious that there should be the fullest possible co-operation between the Governments of the Commonwealth. Such co-operation might be concerned with any of the following :—

(*a*) Fundamental scientific research.
(*b*) Production of raw materials.
(*c*) Large-scale plants for the production of fissile material.

The position with regard to the international control of atomic energy was set out in Annex II to P.M.M. (46) 19. The United Nations Commission had not yet begun its deliberations, and its first task would be to consider what effective safeguards could be devised, by way of inspection and other means, to protect complying States against the hazards of violations and evasions. Mr. Attlee said that, in general, he was inclined to be sceptical about the possibility of control through an international inspectorate, and felt that in practice it would probably be necessary to build up any system of international control by stages.

Mr. Attlee then invited Lord Portal to make a statement on the United Kingdom atomic energy project.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223983

LORD PORTAL made a full statement explaining the lines on which it was proposed that the Harwell Research Establishment should be developed and the progress already made with the setting up of the establishment. Research and development work on a considerable scale was expected to start there early next year and the existing plans for the whole establishment should have been substantially implemented by July 1947. He emphasised that the services of any scientists from the Dominions who were considered by Dominion Governments to be suitable for the work and could be spared for a time would be warmly welcomed at Harwell. He hoped that Dominion Ministers would accept in principle the temporary posting of suitable men for a period of service at Harwell after which they would return to their own country, and that in view of the difficulty of direct recruitment at such a great distance, each Government would accept responsibility for selecting and paying their own scientists during the period of attachment. If this form of co-operation were approved in principle, the details could be discussed at the official level.

Lord Portal explained that the supply of raw materials had a powerful bearing on policy and that investigations carried out in recent months tended to show that previous estimates had been optimistic. We had a fairly clear picture of where substantial supplies of uranium were likely to be found and there had been informal discussions with representatives of the Dominions on the question of carrying out raw material surveys within the Commonwealth.

With regard to the preparations for large-scale production in the United Kingdom, the headquarters of the production organisation had been set up at Risley in Lancashire and the necessary staff was being recruited. Design work was in hand for the plant required for the production of uranium metal which would be carried out at Springfields, near Preston, and the fundamental research work into the processes used in the purification of uranium ores and the manufacture of uranium metal had been carried out. On the basis of this, negotiations for the purchase of the various raw materials which were required for the processes had in some cases been completed and in other cases were actively in hand. It was hoped that production operations would start at the Springfields factory in September 1947 and that the first uranium metal would be produced at about the end of that year. Preliminary consideration had also been given to the question of selecting a site for the pile and the plutonium separation plant, though it would be necessary to operate the uranium metal fabrication plant for a year before sufficient stocks of metal to start the pile were available. A great deal of other fundamental organisation work was going on at Risley and steps such as the standardisation of engineering stores, the development of systems for purchasing, progressing and programming, and estimating are well advanced.

MR. CHIFLEY said that there was some reason to believe that there might be in Australia substantial deposits of thorium which could supplement the available supplies of uranium. It was hoped to carry out a more careful survey with a view to determining what quantities of materials were available and meantime the Australian Government had already taken powers to protect the available supplies of thorium from exploitation. He asked whether there was not a danger that too much of the limited supplies of fissile material available would be devoted to warlike developments, with the result that possible industrial development would be handicapped. On the question of international control, it had to be borne in mind that any scheme of control could be vitiated by failure to co-operate on the part of any one of the States concerned.

DR. EVATT pointed out that the Lilienthal Report on the International Control of Atomic Energy seemed likely to form the basis of the proposals which would be put before the United Nations Commission by the United States Government. These proposals might not be acceptable to other nations since the implicit assumption in them was that the United States would not share any information with regard to use of atomic energy for warlike purposes with other nations until such time as these other nations could in any event have obtained the information for themselves. With regard to the proposal that an International Atomic Energy Development Authority should be set up to conduct all intrinsically dangerous operations in the nuclear field, the success of this would seem to depend on the effectiveness of the proposals for denaturing fissile material, as to which scientific opinion appeared to be sceptical.

FIELD-MARSHAL SMUTS said that, although the original estimates made by the Americans of the uranium deposits in South Africa had been too

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

optimistic, he believed that in fact the amount available in South Africa would be found to be higher than had been suggested in the later reports made by British investigators. He was anxious that the world's supplies of material, which, so far as could be seen, were limited, should be used to the best advantage. He was most sceptical about the success of any scheme of international control, since all the proposals which he had so far seen appeared to be incompatible with the existing conception of national sovereignty. He felt, therefore, that the British Commonwealth should not place too much reliance on the outcome of the proposals for international control and that in the meantime every effort should be made to promote research and development and to find sources of raw materials within the Commonwealth. He hoped that it would not be found that the United States were monopolising all the available Canadian supplies.

MR. NASH said that a recent expedition to a remote part of the west coast of New Zealand had given some reason to hope that some supplies of raw material would be found in New Zealand. The New Zealand Government favoured international control and felt that the right line of advance was that suggested by the Washington Declaration, namely, the consolidation and extension of the authority of the United Nations Organisation and the creation of conditions of mutual trust in which all people would be free to devote themselves to works of peace. Unless an advance could be made on these lines he did not believe that mere fear of the results of the use of atomic weapons would deter an aggressor. At the same time he agreed that in the meantime the members of the Commonwealth should safeguard their position by developing the resources available to them.

MR. NOEL-BAKER said that he had been in the United States when the Lilienthal Report had been published. The conclusions in the report had not yet been accepted by the United States Government, but it was not unlikely that they would be put forward by the United States Government to the United Nations Commission, and it might be that the concept of an International Atomic Energy Development Authority would promote that spirit of international goodwill and co-operation which was the essential basis of any scheme of international control.

MR. ATTLEE said that the general feeling of the meeting seemed to be that the members of the British Commonwealth should lend their support to the establishment of a scheme for international control under the ægis of the United Nations Organisation. At the same time, however, it had to be recognised that the successful working out of such a scheme was problematical, and it was essential that we should go ahead in the meantime with research and development and with the exploitation of raw material resources within the British Commonwealth. For this purpose it was desirable that all the raw material possibilities in the Commonwealth should be fully surveyed, and he hoped also that Dominion Governments would be willing to help forward the United Kingdom programme of research and development by lending scientists to serve for agreed periods with the team at Harwell. He thought there was general agreement that we should do all we could to co-operate together in these matters.

Cabinet Office, S.W. 1.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

W.L.M. KING PAPERS

MG 26 J4

PAGES C223985 to C223992 have been removed from circulation at the request of the Department of External Affairs.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

SECRET. C223993 Copy No. 64

P.M.M. (46) 25.

7th May, 1946.

MEETING OF PRIME MINISTERS.

DRAFT PEACE TREATY WITH FINLAND.

NOTE BY THE SECRETARIES.

THERE is circulated herewith a memorandum on the above subject prepared in the Foreign Office.

(Signed) NORMAN BROOK.
J. E. STEPHENSON.

Cabinet Office, S.W. 1,
7th May, 1946.

ANNEX.

DRAFT PEACE TREATY WITH FINLAND.

MEMORANDUM PREPARED IN THE FOREIGN OFFICE.

The Soviet Delegation to the Council of Foreign Ministers circulated on the 31st March, 1946, a draft Peace Treaty with Finland.

The draft has been discussed by the Soviet and United Kingdom Deputies, and the United Kingdom Deputy has proposed certain modifications. The text, as so far agreed, is set out below. The passages in square brackets have not yet been agreed.

1. *Preamble.*

"The Union of Soviet Socialist Republics, the United Kingdom, Australia, the Byelorussian Soviet Socialist Republic, Canada, Czechoslovakia, India, New Zealand, the Ukrainian Soviet Socialist Republic, the Union of South Africa, as the States which are at war with Finland and actively waged war against the European enemy States with substantial military force, hereinafter called the Allied and Associated Powers, of the one part, and Finland, of the other part;

"Whereas Finland, having become an ally of Hitlerite Germany and participating on her side in the war against the Union of Soviet Socialist Republics, the United Kingdom and other United Nations, bears her share of responsibility for this war.

"Whereas, however, Finland on the 4th September, 1944, entirely ceased military operations against the U.S.S.R., withdrew from the war against the United Nations, broke off relations with Germany and her satellites, and, having concluded on the 19th September, 1944, an Armistice with the Governments of the Union of Soviet Socialist Republics and the United Kingdom, acting on behalf of the United Nations at war with Finland, loyally carried out the Armistice terms; and

"Whereas the Allied and Associated Powers and Finland wish to settle questions still outstanding between them as a result of the events hereinbefore recited; [thereby enabling the Allied and Associated Powers to support Finland's application to become a member of the United Nations and also to adhere to any convention concluded under the auspices of the United Nations, and forming the basis of friendly relations between them];

"Now, therefore, have agreed to declare the cessation of the state of war, and for this purpose to conclude the present Peace Treaty, and the Governments of the Allied and Associated Powers and of Finland have appointed as their Plenipotentiaries (names of the Governments and of their Plenipotentiaries .....) who, after presentation of their full powers, found in good and due form, have agreed on the following."

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223994

This was agreed by the Deputies except that it was left for decision whether the passage in square brackets should be included in the preamble or set out as a separate article (see article 13 below).

Article 1.

"The maintenance of armaments for ground, sea, and air will be closely restricted to the necessities of—

"(*a*) the maintenance of order in Finnish territory;
"(*b*) defence of local frontiers;
"(*c*) such military contingents, if any, in addition to the foregoing as may be required by the Security Council."

This was agreed by the Deputies and was referred to the Joint Committee of Naval, Military and Air experts for a report on the limitations to be imposed on Finnish armaments.

Article 2.

"Finland undertakes to restore all legal rights and interests of the United Nations and their nationals in Finland as they existed before the war and to return their property in complete good order."

The above was discussed but no decision was reached.

Article 3.

"In accordance with the Armistice Agreement the effect of the Peace Treaty between the Soviet Union and Finland, concluded in Moscow on the 12th March, 1940, is restored [subject to the changes which follow from the present Treaty.]"

This was discussed and agreed, subject to the consideration of the proposal of the United Kingdom Delegation that the words in square brackets should be replaced by the following:—

"except for the substitution of Articles 4, 5 and 6 of that Treaty by Articles 4 and 5 of the present Treaty."

Article 4.

"In accordance with the Armistice Agreement Finland confirms having returned to the Soviet Union the *oblast* of Petsamo (Pechenga) voluntarily ceded to Finland by the Soviet State under the Peace Treaty of the 14th October, 1920, and the 12th March, 1940."

This was agreed in principle.

Article 5.

"In accordance with the Armistice Agreement the Soviet Union confirms having renounced its rights to the lease of the Peninsula of Hangö, accorded to it by the Soviet-Finnish Peace Treaty of the 12th March, 1940, and Finland for her part confirms having made available to the Soviet Union on lease territory and waters for the establishment of a Soviet naval base in the area of Porkkala-Udd.

"In accordance with the Armistice Agreement Finland confirms having secured to the Soviet Union the use of the railways, waterways, roads and air routes necessary for the transport of personnel and freight despatched from the Soviet Union to the naval base at Porkkala-Udd, and also confirms having granted the Soviet Union the right of unimpeded use of all forms of communication between the U.S.S.R. and the territory leased in the area of Porkkala-Udd."

This was agreed in principle.

Article 6.

"[In accordance with the Armistice Agreement the effect of the Agreement concerning the Aaland Islands, concluded between the Soviet Union and Finland on the 11th October, 1940, is completely restored.]"

This was agreed in principle as His Majesty's Government in the United Kingdom were in agreement with the Soviet Government that the Aaland Islands should remain demilitarised. But the United Kingdom Government were not a party to the bilateral arrangement between the Soviet Union and

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223295

Finland of the 11th October, 1940. They could, therefore, only agree to the insertion of a reference to it in the Peace Treaty if the Soviet Government would agree to mention also being made of the convention of 1921, which was, broadly speaking, of the same effect as the 1940 Treaty, the United Kingdom Government and not the Soviet Government being a party to the convention. The United Kingdom Delegation entered a reservation in this sense.

Article 7.

"Losses caused to the Soviet Union by military operations and by the occupation by Finland of Soviet territory will be made good by Finland to the Soviet Union, but, taking into consideration that Finland has not only withdrawn from the war against the United Nations but has declared war on Germany and assisted with her forces in driving German troops out of Finland, the Parties agree that compensation for the above losses will be made by Finland not in full but only in part, namely to the amount of 300 million United States dollars payable over eight years in commodities—timber products, paper, cellulose, sea-going and river craft, sundry machinery, &c.

"The basis for accounts regarding the payment of indemnity will be the American dollar at its gold parity on the day of the signing of the Armistice Agreement, *i.e.*, 35 dollars for one ounce of gold."

This was agreed.

Article 8.

"Finland undertakes to transfer to the Soviet Union all German assets in Finland."

This was agreed in principle.

Article 9.

"Finland, in so far as she has not yet done so, undertakes within the time-limits indicated by the Government of the U.S.S.R., to return to the Soviet Union, in complete good order, all valuables and materials removed from its territory during the war, and belonging to State, public and co-operative organisations, enterprises, institutions and individual citizens, such as: factory and works equipment, locomotives, rolling-stock, tractors, motor vehicles, historic monuments, museum treasures and any other property [or to compensate the Soviet Union for the cost of the said valuables and materials on the basis of the relevant Soviet-Finnish agreement]."

This was agreed in principle, except that the United Kingdom Delegation expressed the desire for an expansion of the phrase in brackets.

It was also agreed that a paragraph should be added to the Article providing for the rights of other United Nations to restitution of such property as may be found on Finnish territory.

Article 10.

"Finland, which, in accordance with the Armistice Agreement, has taken measures for dissolving all organisations of a Fascist type on Finnish territory whether political, military or para-military, as well as other organisations conducting propaganda hostile to the Soviet Union or to any of the other United Nations, undertakes not to permit in future the existence and activities of organisations of that nature which have as their aim denial to the people of their democratic rights."

This was agreed.

Article 11.

"Finland, which in accordance with the Armistice Agreement has taken measures to set free, irrespective of citizenship and nationality, all persons held in confinement on account of their activities in favour of the United Nations or because of their sympathies with the United Nations or because of their racial origin, and to repeal discriminatory legislation and restrictions imposed thereunder, undertakes to complete those measures and, in future, not to take any measures or enact any laws which would be incompatible with the objects and purposes mentioned in this Article."

This was agreed.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223996

Article 12.

"[Finland undertakes to co-operate with the Allied and Associated Powers in the apprehension and trial of persons accused of war crimes.]"

This was agreed in principle, subject to the right of the United Kingdom Delegation to suggest textual alterations.

Article 13.

"[Upon the conclusion of the present Treaty the Allied and Associated Powers will support Finland's candidature for membership of the United Nations. Finland will co-operate with the United Nations and will carry out the arrangements made by them for the maintenance of universal peace]."

This was agreed in principle except that the United Kingdom Delegation expressed their preference for the first sentence of this Article to be included in the Preamble. The United Kingdom Delegation also stated that the second sentence should be drafted in the same way as for the other Peace Treaties.

Article 14.

"The present Treaty, of which the Russian and English texts are both authentic, will be ratified by the Allied and Associated Powers. It shall also be ratified by Finland. It will come into force immediately after its ratification by the U.S.S.R. and the United Kingdom. The Instruments of Ratification will, in the shortest possible time, be deposited with the Government of the U.S.S.R. Certified copies of the present Treaty will be sent by the Government of the U.S.S.R. to the Governments of the other Allied and Associated Powers.

"Done at.....
in.....copies in Russian, English and Finnish."

This was agreed.

Other Provisions.

(*a*) It was agreed that the following provisions should also be inserted in the draft Treaty:

(1) *Recognition of Peace Treaties.*

"Finland undertakes to recognise the full force of the Peace Treaties concluded with Italy, Hungary, Bulgaria and Roumania, and of the agreements or arrangements which have been or will be reached by the Allied and Associated Powers in relation to Austria, Germany and Japan for the restoration of peace."

(2) *Liquidation of certain international organisations.*

"Finland undertakes to accept any arrangements which may be agreed for the liquidation of the Leagues of Nations and the Permanent Court of International Justice.

"Finland also undertakes to accept any arrangements which may be agreed for the liquidation of the International Institute of Agriculture at Rome."

(3) *Human Rights.*

"The Finnish Government undertakes to take all measures necessary to secure to all persons under its jurisdiction without distinction as to race, sex, language or religion, the enjoyment of human rights and of the fundamental freedoms including freedom of expression, press and publication, of religious worship, of political opinion and of public meeting."

(b) No decision was reached on Finland's position as regards certain existing treaties and on certain economic and financial questions. It was agreed to recommend that no provision was necessary for the return of Allied vessels by Finland. Finally, it was agreed to recommend that no provision was necessary to cover the resumption of diplomatic and consular relations with Finland.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

SECRET. C223997 **Copy No.** 64

P.M.M. (46) 24.
7th May, 1946.

MEETING OF PRIME MINISTERS.

DRAFT PEACE TREATY WITH ROUMANIA.

NOTE BY THE SECRETARIES.

There is circulated herewith a memorandum on the above subject prepared in the Foreign Office.

(Signed) NORMAN BROOK.
J. E. STEPHENSON.

Cabinet Office, S.W. 1,
7th May, 1946.

ANNEX.

DRAFT PEACE TREATY WITH ROUMANIA.

MEMORANDUM PREPARED IN THE FOREIGN OFFICE.

The major issues on which difficulties arose in the Deputies' discussions of the draft peace treaties with Roumania, Bulgaria and Hungary were summarised in the memorandum circulated by the Foreign Secretary (P.M.M. (46) 11).

2. Particulars of the progress made by the Deputies at Lancaster House in the preparation of the draft Treaty with Roumania are given below.

Foreign Office, S.W. 1,
7th May, 1946.

(N.B.—Passages enclosed in square brackets have not yet been agreed.)

PREAMBLE.

1. "The Union of Soviet Socialist Republics, the United Kingdom, the United States of America, Australia, the Byelorussian Soviet Socialist Republic, Canada, Czechoslovakia, India, New Zealand, the Ukrainian Soviet Socialist Republic, the Union of South Africa, as the States which are at war with Roumania and actively waged war against the European enemy States with substantial military force, hereinafter called the Allied and Associated Powers, of the one part, and Roumania, of the other part;

"Whereas Roumania, having become an ally of Hitlerite Germany and participating on her side in the war against the Union of Soviet Socialist Republics, the United Kingdom, the United States of America and other United Nations, bears her share of responsibility for this war;

"Whereas, however, Roumania on the 24th August, 1944, entirely ceased military operations against the U.S.S.R., withdrew from the war against the United Nations, broke off relations with Germany and her satellites, and, having concluded on the 12th September, 1944, an Armistice with the Governments of the Union of Soviet Socialist Republics, the United Kingdom and the United States of America, acting in the interests of all the United Nations, took [an active] part in the war against Germany; and

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

" Whereas the Allied and Associated Powers and Roumania wish to settle questions still outstanding between them as a result of the events hereinbefore recited; [thereby enabling the Allied and Associated Powers to support Roumania's application to become a member of the United Nations and also to adhere to any convention concluded under the auspices of the United Nations, and forming the basis of friendly relations between them;]

" Now, therefore, have agreed to declare the cessation of the state of war and for this purpose to conclude present Peace Treaty, and the Governments of the Allied and Associated Powers and of Roumania have appointed as their Plenipotentiaries (names of the Governments and of their Plenipotentiaries .....) who, after presentation of their full powers, found in good and due form, have agreed on the following" :—

The above Preamble has been agreed subject to later decision on the question of including the second passage in brackets in the Preamble or as a separate Article (see paragraph 15 below).

Limitation of Armaments.

2. The following clause has been accepted by the Deputies and referred to the Joint Committee of Naval, Military and Air Experts for a report on the limitations to be imposed on Roumanian armaments :—

" The maintenance of armaments for ground, sea and air will be closely restricted to the necessities of—

" (*a*) the maintenance of order in Roumanian territory;
" (*b*) defence of local frontiers;
" (*c*) such military contingents, if any, in addition to the foregoing as may be required by the Security Council."

Restoration of United Nations Property.

3. This point is still under discussion on the basis of a clause in the Soviet draft which is as follows :—

ARTICLE 2.

" Roumania undertakes to restore all legal rights and interests of the United Nations and their nationals in Roumania as they existed before the war and to return their property in complete good order."

Reparation to the Soviet Union.

4. A clause has been agreed in principle as follows :—

" Losses caused to the Soviet Union by military operations and by the occupation by Roumania of Soviet territory will be made good by Roumania to the Soviet Union, but taking into consideration that Roumania has not only withdrawn from the war against the United Nations, but has declared and, in fact, waged war against Germany, the Parties agree that compensation for the above losses will be made by Roumania not in full but only in part, namely to the amount of 300 million United States dollars payable over 6 years in commodities—oil-products, grain, timber, seagoing and river craft, sundry machinery, &c.

" The basis for calculating the settlement provided for in this Article will be the American dollar at its gold parity on the day of the signing of the Armistice Agreement, *i.e.*, 35 dollars for one ounce of gold."

German Assets in Roumania.

5. The following clause has been agreed in principle :—

" Roumania recognises that the Soviet Union is entitled to all German assets in Roumania transferred to the Soviet Union by the Control Council for Germany and undertakes to take all necessary measures for facilitating such transfers."

Restitution.

6. The following clause has been agreed in principle subject to (*a*) the wording of the reference to the time limit and to compensation; (*b*) the inclusion

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

" Whereas the Allied and Associated Powers and Roumania wish to settle questions still outstanding between them as a result of the events hereinbefore recited; [thereby enabling the Allied and Associated Powers to support Roumania's application to become a member of the United Nations and also to adhere to any convention concluded under the auspices of the United Nations, and forming the basis of friendly relations between them;]

" Now, therefore, have agreed to declare the cessation of the state of war and for this purpose to conclude present Peace Treaty, and the Governments of the Allied and Associated Powers and of Roumania have appointed as their Plenipotentiaries (names of the Governments and of their Plenipotentiaries .....) who, after presentation of their full powers, found in good and due form, have agreed on the following" :—

The above Preamble has been agreed subject to later decision on the question of including the second passage in brackets in the Preamble or as a separate Article (see paragraph 15 below).

Limitation of Armaments.

2. The following clause has been accepted by the Deputies and referred to the Joint Committee of Naval, Military and Air Experts for a report on the limitations to be imposed on Roumanian armaments :—

" The maintenance of armaments for ground, sea and air will be closely restricted to the necessities of—

" (*a*) the maintenance of order in Roumanian territory;
" (*b*) defence of local frontiers;
" (*c*) such military contingents, if any, in addition to the foregoing as may be required by the Security Council."

Restoration of United Nations Property.

3. This point is still under discussion on the basis of a clause in the Soviet draft which is as follows :—

ARTICLE 2.

" Roumania undertakes to restore all legal rights and interests of the United Nations and their nationals in Roumania as they existed before the war and to return their property in complete good order."

Reparation to the Soviet Union.

4. A clause has been agreed in principle as follows :—

" Losses caused to the Soviet Union by military operations and by the occupation by Roumania of Soviet territory will be made good by Roumania to the Soviet Union, but taking into consideration that Roumania has not only withdrawn from the war against the United Nations, but has declared and, in fact, waged war against Germany, the Parties agree that compensation for the above losses will be made by Roumania not in full but only in part, namely to the amount of 300 million United States dollars payable over 6 years in commodities—oil-products, grain, timber, seagoing and river craft, sundry machinery, &c.

" The basis for calculating the settlement provided for in this Article will be the American dollar at its gold parity on the day of the signing of the Armistice Agreement, *i.e.*, 35 dollars for one ounce of gold."

German Assets in Roumania.

5. The following clause has been agreed in principle :—

" Roumania recognises that the Soviet Union is entitled to all German assets in Roumania transferred to the Soviet Union by the Control Council for Germany and undertakes to take all necessary measures for facilitating such transfers."

Restitution.

6. The following clause has been agreed in principle subject to (*a*) the wording of the reference to the time limit and to compensation; (*b*) the inclusion

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C223299

in the Treaty of provision for restitution to United Nations other than the Soviet Union, which is still under discussion :—

> " Roumania, in so far as she has not yet done so, undertakes within the time-limits indicated by the Government of the U.S.S.R. to return to the Soviet Union in complete good order all valuables and materials removed from its territory during the war, and belonging to State, public and co-operative organisations, enterprises, institutions or individual citizens, such as : factory and works equipment, locomotives, railway trucks, tractors, motor vehicles, historic monuments, museum valuables and any other property, or to compensate the Soviet Union for the cost of the said valuables and materials on the basis of the relevant Soviet-Roumanian Agreement."

Return of Allied Vessels.

7. The Deputies agreed that this would be covered by the article governing the restoration of United Nations property.

Transylvania.

8. A clause has been agreed as follows :—

> " The decision of the Vienna Award of the 30th August, 1940, is declared null and void. The frontier between Roumania and Hungary existing on the 1st January, 1938, is hereby restored [the whole of Transylvania being thus included in the territory of Roumania]. [Nevertheless, the Allied and Associated Powers would be prepared to recognise any rectification of the Roumanian-Hungarian frontier that may subsequently be mutually agreed between the parties directly concerned and which would substantially reduce the number of persons living under Alien rule."]

Human Rights.

9. The following clause has been agreed :—

> " The Roumanian Government undertakes to take all measures necessary to secure to all persons under its jurisdiction, without distinction as to race, sex, language or religion, the enjoyment of human rights and of the fundamental freedoms including freedom of expression, press and publication, of religious worship, of political opinion and of public meeting."

Dissolution of Fascist Organisations.

10. The following clause has been agreed :—

> " Roumania, which in accordance with the Armistice Agreement has taken measures for dissolving all organisations of a Fascist type on Roumanian territory, whether political, military or para-military, as well as other organisations conducting propaganda hostile to the Soviet Union or to any of the other United Nations, undertakes not to permit in future the existence and activities of organisations (of that nature) which have as their aim denial to the people of their democratic rights."

Repeal of Discriminatory Legislation.

11. The following clause has been agreed :—

> " Roumania, which in accordance with the Armistice Agreement has taken measures to set free, irrespective of citizenship and nationality, all persons held in confinement on account of their activities in favour of the United Nations or because of their sympathies with the United Nations or because of their racial origin, and to repeal discriminatory legislation and restrictions imposed thereunder, undertakes to complete these measures and in future not to take any measures or enact any laws which would be incompatible with the objects and purposes mentioned in this Article."

Validity of Allied Acts in Roumania.

12. Article 10 of the Soviet draft, which is still under discussion, is as follows :—

> " Roumania to recognise the legality and validity of all action taken by the Allied States on Roumanian territory, including territorial waters, pending the entering into force of this Treaty.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224000

"Roumania to renounce all claims with regard to all acts and removals carried out by the Allied States in respect to Roumanian property on Roumanian territory since the outbreak of war up to the entering into force of this Treaty."

War Criminals.

13. The decision of the Council of Foreign Ministers of the 20th September, 1945, that Article 14 of the Armistice should be accepted as the basis for dealing with this question, was developed in the Soviet draft treaty, as follows:—

"Roumania undertakes to collaborate with the Allied and Associated Powers in the apprehension and trial of persons accused of war crimes."

This clause was considered by the Deputies, without prejudice to the inclusion of an article on this subject in the Treaty or in a separate Protocol. The United States Delegation believes that the Treaty should contain a more detailed statement of Roumania's obligation.

Withdrawal of Allied Forces.

14. The following clause has been agreed, but the United States Delegation pointed out that, if a Treaty restoring the independence of Austria is concluded before or simultaneously with the Treaty of Roumania, this article will have to be modified:—

"Upon the entry into force of the present Treaty, all Allied forces will, within the period of ..... days, be withdrawn from Roumania, subject to the right of the Soviet Union to keep on Roumanian territory such armed forces as it may need for the maintenance of the lines of communication of the Red Army with the Soviet zone of occupation in Austria. All unused Roumanian currency and all Roumanian goods in possession of the Allied forces in Roumania, acquired pursuant to Article 10 of the Armistice, will be returned to the Roumanian Government within the same period of ..... days. Roumania, however, undertakes to make available such supplies and facilities as may specifically be required for the maintenance of the lines of communication with the Soviet zone of occupation in Austria, for which due compensation will be made to the Roumanian Government."

Admission of Roumania to the United Nations.

15. The first sentence of the following clause has been agreed in principle. The United Kingdom and the United States Delegations have expressed their preference for inclusion of its substance in the Preamble. The second sentence has not been agreed:—

"Upon the conclusion of the present Treaty the Allied and Associated Powers will support Roumania's candidature for membership of the United Nations Organisation. [Roumania will collaborate with the United Nations and will carry out the arrangements made by them for the maintenance of international peace.]"

Ratification of the Peace Treaty.

16. The following clause was agreed early in April:—

"The present Treaty, of which the Russian and English texts are both authentic, will be ratified by the Allied and Associated Powers. It shall also be ratified by Roumania. It will come into force immediately after its ratification by the U.S.S.R., the United Kingdom and the United States. The Instruments of Ratification will in the shortest possible time be deposited with the Government of the U.S.S.R. Certified copies of the present Treaty will be sent by the Government of the U.S.S.R. to the Governments of the other Allied and Associated Powers.

"Done at ..... in ..... copies, in Russian, English and Roumanian."

Subsequently the United States Delegation proposed the following redraft:—

"The present Treaty, of which the Russian and English texts are authentic, shall be ratified by the Allied and Associated Powers. It shall also be ratified by Roumania. It will come into force immediately upon [the deposit of] ratifications by the U.S.S.R., the United Kingdom and the United

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

States. The instrument of ratification will in the shortest possible time be deposited with the Government of the U.S.S.R. [with respect to each Allied or Associated Power whose instrument of ratification is thereafter deposited, the treaty shall come into force upon the date of deposit. The present Treaty will be deposited in the archives of] the Government of the U.S.S.R., [which] shall furnish certified copies to each of the signatory States.

"Done at ..... in ..... copies, in the Russian, English and Roumanian languages."

Termination of state of war between Roumania and Hungary.

17. Agreement has been reached on the following :—

"The state of war between Roumania and Hungary will terminate upon the entry into force both of the present Treaty and of the Treaty of Peace between the U.S.S.R., the United Kingdom, the United States, Australia, the Byelorussians S.S.R., Canada, Czechoslovakia, India, New Zealand, the Ukrainian S.S.R., the Union of South Africa and Yugoslavia on the one part and Hungary on the other part."

Acceptance of Peace Treaties.

18. The following has been agreed :—

"Roumania undertakes to recognise the full force of the Peace Treaties concluded with Italy, Hungary, Bulgaria and Finland, and the agreements or arrangements which have been or will be reached by the Allied and Associated Powers in relation to Austria, Germany and Japan for the restoration of Peace."

Liquidation of certain international Organisations.

19. The following clause has been agreed :—

"Roumania undertakes to accept any arrangements which may be agreed for the liquidation of the League of Nations and the Permanent Court of International Justice.

"Roumania also undertakes to accept any arrangements which may be agreed for the liquidation of the International Institute of Agriculture at Rome."

Accession Clause.

20. No decision reached.

Frontiers other than the Roumanian-Hungarian frontier.

21. No decision reached.

Resumption of Diplomatic and Consular Relations.

22. The Deputies agreed to recommend omission of this subject from the Treaty.

International Control of the Danube.

23. No decision reached.

War Graves.

24. No decision reached.

Position of Existing Treaties.

25. No decision reached.

Economic and Financial Clauses.

26. These are still under discussion. Many problems have been referred to sub-committees for technical reasons.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

Printed for the Cabinet. May 1946.

C224002

SECRET. **Copy No.** 70

P.M.M. (46) 23.
7th May, 1946.

MEETING OF PRIME MINISTERS.

DRAFT PEACE TREATY WITH ITALY.

MEMORANDUM PREPARED IN THE FOREIGN OFFICE.

THE position reached by the Deputies in the drafting of the Peace Treaty with Italy has been summarised in the memorandum circulated by the Foreign Secretary (P.M.M. (46) 11).

Supplementary particulars are given in the following notes, with special reference to the proceedings of the Council of Foreign Ministers now in session at Paris.

Foreign Office, S.W. 1,
7th May, 1946.

A.—*The following decisions have been taken by the Foreign Ministers* :—

1. *Preamble.*—The Foreign Ministers agreed on the 26th April to the following text :—

The U.S.S.R., United Kingdom, United States, China, France, Australia, Belgium, Byelorussian S.S.R., Brazil, Canada, Czechoslovakia, Ethiopia, Greece, India, the Netherlands, New Zealand, Poland, Ukrainian S.S.R., Union of South Africa and Yugoslavia, hereinafter referred to as the Allied and Associated Powers of the one part

and Italy

of the other part;

Whereas Italy under the Fascist régime became a party to the Tripartite Pact with Germany and Japan, declared a war of aggression and entered into war with all the Allied and Associated Powers and with other United Nations and bears her share of responsibility for the War; and

Whereas, in face of the pressure of military events the Fascist régime in Italy was overthrown on the 25th July, 1943, and Italy surrendered unconditionally and accepted terms of Armistice signed on the 3rd and 29th September of the same year; and

Whereas, after the said Armistice Italian armed forces took an active part in the war against Germany and Italy declared war on Germany as from the 13th October, 1943, and thereby became a co-belligerent against Germany; and

Whereas the Allied and Associated Powers and Italy are respectively desirous of concluding a treaty of peace which will settle questions still outstanding between them as a result of the events hereinbefore recited thereby enabling the Allied and Associated Powers to support Italy's application to become a member of the United Nations and also to adhere to any convention concluded under the auspices of the United Nations and forming the basis of friendly relations between them;

Now, therefore, have agreed to declare the cessation of the state of war and for this purpose to conclude the present Peace Treaty, and the Governments of the Allied and Associated Powers and of Italy have accordingly appointed as Plenipotentiaries for this purpose : . . . .

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224003

2. *Italian Navy.*—The Foreign Ministers agreed on the 27th April that the Italian navy should consist of the following :—

Two Old Battleships,
Four Six-inch Cruisers,
Four Destroyers,
Sixteen Torpedo-boats, and
Twenty Corvettes.

They also instructed the Committee of Naval Experts—

(1) To specify by name the ships to be allowed to be left in Italian hands and
(2) To recommend the total number of naval personnel to be allowed to Italy.

As regards the disposal of the vessels to be taken from Italy, the Foreign Ministers instructed the Committee of Naval Experts—

(1) to consider and report to the Council on the question of the disposal of the Surplus units of the Italian Fleet, with the following terms of reference :—

"1. After it is determined what specific ships within the limits set for each category shall be left to Italy, and
2. After the claims of Greece and Yugoslavia have been taken into account.
3. The balance of Italian war vessels (except submarines) shall be allocated equitably among the United Kingdom, United States, Soviet Union and France, and the Italian submarines, except a few which may be reserved for experimental purposes, will be destroyed."

(2) to make recommendations to the Council on the disposal of the unfinished and damaged units of the Italian Fleet.

3. *Franco-Italian Frontier.*—The Foreign Ministers on the 27th April accepted the rectifications of the frontier demanded by the French Government in the areas of the Little St. Bernard Pass, the Mt. Cenis Plateau and Mt. Thabor–Chaberton. They further agreed to appoint a commission of enquiry to ascertain the sentiments of the population of the Tenda–Briga area, which is also claimed by France, and agreed that when the commission had presented their report it could be considered whether the views of the Italian Government should be taken into account. Terms of reference for the commission of enquiry drafted by the Deputies were approved by the Foreign Ministers on the 29th April.

4. *Austro-Italian Frontier.*—On the 1st May the Foreign Ministers approved a recommendation from the Deputies in the following terms :—

"Having reconsidered the requests made by Austria for the rectification of the Austro-Italian Frontier (*which in fact amounted to the cession of the province of Bolzano to Austria*), the Deputies confirm that these requests are not minor rectifications in the sense of the decision taken by the Council of Ministers of the 14th September, 1945.

Consequently, these requests cannot be considered, unless the Council decides otherwise.

The Austrian Government should be officially informed of the decision of the 14th September, 1945, and of the fact that their requests are not considered to be in conformity with that decision and cannot therefore be considered."

(It now remains to be seen whether the Russian Government will submit a revised claim to what may or may not be regarded as a "minor rectification" of the frontier.)

5. *The Islands of Pelagosa and Pianosa.*—The Foreign Ministers agreed on the 2nd May that provisions should be included in the Peace Treaty requiring Italy to cede to Yugoslavia the island of Pelagosa, provided that—

(*a*) the island should remain unmilitarised; and
(*b*) the necessary fishing rights should be secured for Italian nationals.

They further agreed that provisions should be included in the Treaty requiring Italy not to militarise the island of Pianosa.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

B.—*The following subjects have been discussed by the Foreign Ministers without reaching conclusive results:—*

1. *Reparations.*—On the 26th April the Foreign Ministers considered a memorandum submitted by the Soviet Delegation. This memorandum proposed that Italy should be required to pay reparations for her share in the war on Germany's side but that, in view of her co-belligerency, she should not be required to pay in full. Accordingly she would have to pay 300 million dollars to the Soviet Union, Yugoslavia, Greece and Albania over a period of 6 years, of which 100 million dollars would go to the Soviet Union. Payment would be made by the removal of industrial machinery which had been used for war purposes; by drawing on Italy's foreign assets, the gold returned to Italy and the property of war criminals; and also on the current production of the Italian economy. M. Molotov claimed that these proposals would ensure that justice was done to the Soviet people and that they corresponded to the principles enunciated in the preamble (*see under A*—1).

Mr. Byrnes recognised that Italy was liable to pay reparations but maintained that their amount and character should be such that Italy could pay them without external assistance. He mentioned the sums expended by the United States on aid to Italy since the Armistice both directly and through U.N.R.R.A. While the United States did not claim reparations from Italy, they thought that they should not have to carry additional burdens in order that reparations should be paid to another Government. At the first session of the Council Mr. Byrnes had proposed that reparations should be limited to—

(*a*) factory and tool equipment surplus to Italy's peace-time requirements; and

(*b*) Italy's assets in foreign countries.

He was willing that the probable amount to be obtained in this way should be investigated. He thought that any attempt to obtain from Italy a particular amount determined in advance would fail just as it did in the case of Germany. He mentioned the recent Italian request for a loan and credits from the United States as showing how impossible it was for Italy to pay reparations to the amount suggested by the Soviet Delegation.

M. Bidault agreed that Italy should pay reparations but not to the full extent of the damage she had caused. He agreed that reparations might be paid from the sources suggested by the Soviet Delegation, but he took exception to the omission of France from the list of countries entitled to reparations from Italy.

Mr. Bevin said that the repayment of Allied expenditure on relief should take precedence over payment of reparations. The United Kingdom did not wish to condone what Italy had done, but thought that account should be taken of the contribution made by Italy to the Allied victory. He therefore considered that the Allies should, first, enable Italy to repay what had been supplied to her by way of relief; secondly, help her restore her economy upon a peace-time basis; and, thirdly, remove machinery and equipment which were not needed for a peace-time economy and would help to create a war potential. If, as Mr. Byrnes suggested, the overall capacity of Italy to pay reparations was to be examined, he, Mr. Bevin, must put in a claim for reparations on behalf of the United Kingdom. In order that a correct distribution might be reached, all countries who had claims to reparation must be included whether they pressed those claims or not. The food provided to Italy had been obtained and paid for by the British people in foreign exchange.

Mr. Byrnes said that in view of Mr. Bevin's statement he must put in a claim for reparations on behalf of the United States.

The Foreign Ministers agreed to appoint a committee of experts to consider the new Soviet memorandum as well as the original United States proposal and any proposal that might be made by the United Kingdom and French delegations.

The matter was further discussed at an informal meeting of the Foreign Ministers on the 2nd May. M. Bidault then propounded a compromise whereby after a certain period of time and after relief payments to Italy had ceased, Italy would agree to pay a certain amount of reparations within the limits of her current production. Mr. Byrnes, for his part, thought that anything which any country received from Italy in the shape of territory or booty or goods should be valued in terms of money and set against reparation claims. M. Molotov could

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224005

not agree and refused to admit any connexion between relief payments and reparations. Mr. Bevin tentatively suggested that the experts should, in the first instance, examine the position regarding the relief debts; then proceed to assess claims for reparations and to ascertain what the total external debt of Italy was likely to be; then examine M. Bidault's plan; and finally try to reach agreed recommendations. It was eventually agreed that M. Bidault's plan should be referred to the experts.

2. *The Dodecanese.*—This question was discussed by the Foreign Ministers on the 29th April.

The four Foreign Ministers severally recalled their previous agreement in principle that the Islands should be ceded to Greece and be demilitarised.

M. Molotov, however, insisted that the question should be considered when other territorial questions were discussed.

Since no progress could be made, Mr. Byrnes proposed, and his colleagues agreed, that the discussion should be deferred.

3. *Colonies.*—On the 29th April Mr. Byrnes brought up again the United States proposal of last September for collective trusteeship.

M. Bidault restated the French Government's view that Italian trusteeship for all colonies was the only practical solution.

M. Molotov tabled a new proposal that each colony should be placed for 10 years under international trusteeship to be exercised in each case by one of the major Allies and Italy. The administrator for each colony would be appointed by the Allied State, his deputy by Italy, and in addition there would be in each colony an advisory committee of 5, *i.e.*, two representatives of the local inhabitants and one representative of each of the three Allies not exercising the trust. Thus in Tripolitania the administrator would be Russian, his deputy Italian and the advisory committee would consist of United Kingdom, United States and French representatives with two local inhabitants. In Cyrenaica, on the other hand, there could be either a United States or a United Kingdom administrator and an Italian deputy.

Mr. Bevin recalled the part played by the British Commonwealth in conquering this territory and the pledges which the United Kingdom Government had given to the inhabitants. He stressed the importance of finding the solution which corresponded to the wishes of the inhabitants and then developed proposals which he undertook to circulate immediately in writing.

The discussion having been adjourned until the following day Mr. Bevin on the 30th April presented the following memorandum :—

(1) Italy shall renounce her Sovereignty over all her colonies.

(2) Libya, which comprises Cyrenaica and Tripolitania, shall be created as an independent State. Consultations shall take place with the representatives of the inhabitants for the establishment of a constitution and consideration of the necessary steps to assist the new State in establishing her administration. Provision should be made for a special régime to safeguard minorities.

(3) Red Sea Colonies :—

(*a*) Eritrea. It having been brought to the notice of the Foreign Ministers that Ethiopia is making claim to Eritrea, it is suggested that the Ethiopian Government should be heard before a final decision on the future of Eritrea is taken.

(*b*) Italian Somaliland. There should be a study by the Deputies as to the possibility of the creation of a new territory to be known as United Somalia, consisting of British Somaliland, Italian Somaliland, the Ogaden, the Reserved Areas, the last two now being under the sovereignty of Ethiopia, in order to provide an economic and ethnic unit in the interests of the people. Should there be agreement on this proposal, the United Kingdom should be given the trusteeship for United Somalia, (i) on the grounds that the area was liberated by British Commonwealth Forces, and (ii) since the United Kingdom would be voluntarily placing the protectorate of British Somaliland under the trusteeship system in the interests of the wider area. If, after investigation agreement was not reached on this scheme, the British offer would be withdrawn.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224006

In informal discussion on the 2nd May, after M. Molotov had criticised the United Kingdom proposals as being "too selfish," it was agreed that not only the United States, French and Soviet but also the United Kingdom proposals should be taken into consideration.

4. *Italo-Yugoslav Frontier.*—On the 30th April the Foreign Ministers considered the report of the Four-Power Boundary Commission set up in accordance with the decision taken by the Council at its First Session in London. By its terms of reference the Commission was required to report upon a line "which will in the main be the ethnic line leaving a minimum population under alien rule."

The Commission's report contained no conclusions or recommendations because, after preliminary consideration of the boundary, there was wide divergence between the proposals of the Soviet Delegation and those of the other three Delegations. Each Commissioner therefore submitted his own recommendations to his Government. The Soviet Commissioner virtually supported the maximum Yugoslav claims involving the cession to Yugoslavia of the whole of Istria, Trieste, Monfalcone, Gorizia, a large part of the province of Udine and the whole district of Tarvisio, including the town of Pontebba, which was Italian before 1914. The United States Commissioner suggested a line running from Tarvisio (which was to remain Italian), along the old 1914 boundary until north-west of Gorizia. Gorizia, Monfalcone and Trieste would remain Italian. Istria would be divided, about three-fifths going to Yugoslavia and two-fifths, comprising the west coast district and the whole southern end of the peninsula as far north as and including Albona, to Italy. The United Kingdom Commissioner's line was virtually the same as that of the United States Commissioner down to Trieste. Istria would be divided so as to leave the coastal areas with Italy. In the region of Gorizia and in Istria it would be less favourable to Italy than the United States line in order to leave fewer Yugoslavs under alien rule. The French Commissioner favoured a line broadly the same as the United States Commissioner down to Trieste but drawn narrowly round Gorizia, while Istria would go to Yugoslavia with the exception of the Italian corner in the north-west.

The Foreign Ministers invited their Chairman to communicate to the Italian and Yugoslav Governments the report of the Boundary Commission, together with the various frontier lines suggested by the Commissioners, making it clear that these suggested lines were put forward by the experts and did not constitute official proposals by the Governments represented on the Council. They also invited the Yugoslav and Italian Governments to send representatives to present their views to the Council on the 3rd May.

The Yugoslav and Italian Governments were duly heard on the 3rd May. M. Kardelj spoke for the Yugoslav Government and Signor de Gasperi for the Italian Government. The former took the line that only the Soviet Commissioner's proposal went anywhere near satisfying the Yugoslav claims. The latter preferred the United States as being nearest to the Wilson Line, previously described as the Italian Government's minimum.

On the 4th May the Foreign Ministers discussed Venezia Giulia in the light of the views presented by the Italian and Yugoslav representatives. M. Molotov began by supporting the Yugoslav claims using the familiar arguments. Mr. Bevin suggested that the Soviet line, which included about half a million Italians in Yugoslavia and no Yugoslavs in Italy, was wide of the mark and might lead to future wars. He thought that the French line was the best on ethnic grounds, while the United Kingdom line took the greater account of economic interests. Later on the same day Mr. Byrnes appeared ready to compromise between the French and United Kingdom proposals, subject to Yugoslavia compensating Italy for at any rate the equipment in the Albona coalfields. M. Molotov and M. Bidault suggested that Trieste was the focal point on which the Foreign Ministers should now concentrate. Mr. Bevin pointed out that the trade of Trieste depended on many countries, including northern Italy. It would also serve world trade and for this reason the United Kingdom thought that it should be an international free port. M. Molotov thought it would be necessary to consider Trieste in relation to the colonies and reparation. Mr. Byrnes then proposed a plebiscite in the area between the Soviet and United States lines. M. Molotov objected that if there were a plebiscite it should be held in the whole area. Mr. Bevin deprecated any suggestion of a plebiscite as being contrary to the London decision. Mr. Byrnes then dropped his suggestion, but it was agreed to discuss it later.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224097

5. *Allied Inspectorate.*—At the meeting of the Foreign Ministers on the 1st May Mr. Bevin recalled that the Council had at their previous session decided that "provision should be made for the establishment of Allied machinery to enforce the naval, military, and air clauses of the Peace Treaty until such time as Italy can be accepted as a reliable member of the United Nations Organisation."

Mr. Byrnes put forward a modification of an earlier United States proposal for a Treaty Commission with general powers to supervise the execution of the provisions of the Peace Treaty.

M. Bidault supported Mr. Byrnes's proposal subject to further consideration of its precise wording.

M. Molotov could not agree to any form of Allied body to supervise the execution of the peace treaty. He maintained that such a body was inconsistent with Italian sovereignty, which the treaty was to recognise, and also with the professed intention of the Allies to support Italy's admission to the United Nations.

Mr. Byrnes and Mr. Bevin felt that there must be some Allied body to supervise the execution of at least some part of the provisions of the Treaty.

M. Molotov feared that the existence of an Allied Inspectorate might be used as a pretext for keeping troops in Italy and he therefore objected to the establishment of any Inspectorate or Commission after the conclusion of the peace treaty. Any questions as to the enforcement of the provisions of the treaty could be settled direct between Italy and the countries concerned.

Mr. Byrnes declared that the United States had no desire to keep troops in Italy or anywhere else.

Further discussion on this matter was adjourned.

6. *War Criminals.*—At the meeting of the Foreign Ministers on the 2nd May the Foreign Ministers considered a memorandum by the United States Delegation dealing with the provisions on this subject to be included in the draft treaty.

M. Molotov said that the main question in dispute was whether or not a committee was required to supervise the implementation of whatever provisions might be included in the treaty.

Mr. Bevin thought it was necessary to have some Allied body to decide who was a war criminal and who was not, after the withdrawal of Allied troops and the winding up of the Allied Commission in Italy.

M. Molotov thought that this task could be left to the normal diplomatic channel. The treaty should merely require Italy to co-operate with the Allies in the apprehension and trial of war criminals.

Mr. Byrnes said that the United States proposal set a limit on the period within which demands could be presented to the Italian Government for the extradition of war criminals. When the Allied Commission again came to an end there ought to be some machinery set up to carry out its functions in this sphere for the short period—say about 12 months—for which they would be required.

M. Molotov asked whether any of the Allied Governments concerned (Yugoslavia, Greece, Albania or Poland) had asked for the establishment of such a body and whether the Allied Commission had ever had to intervene in order to ensure the compliance of the Italian Government with an Allied request for the extradition of a particular war criminal.

Mr. Byrnes said that the second of M. Molotov's questions did not arise since, under the present procedure, it was the Allied Commission and not the Italian Government which considered requests for the extradition of war criminals. He thought it would be in the interests of the Allied Powers to establish some machinery to take over the functions of the Allied Commission in this matter.

The Council agreed to defer further consideration of this matter for the time being.

C.—*The following recommendations of the deputies (given in the form of draft heads of treaty) still remain to be referred to the Foreign Ministers for consideration* :—

1. *Recognition of other Peace Treaties.*

Italy undertakes to recognise the full force of the Treaties of Peace with Roumania, Bulgaria, Hungary and Finland and other agreements or arrangements which have been or will be reached by the Allied and Associated Powers in respect of Austria, Germany and Japan for the restoration of peace.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224008

2. *Liquidation of Certain International Organisations.*

Italy undertakes to accept any arrangements which may be agreed for the Liquidation of the League of Nations and the Permanent Court of International Justice.

Italy also undertakes to accept any arrangements which may be agreed for the liquidation of the International Institute of Agriculture at Rome.

3. *Zara and Dalmatian Islands.*

(The Deputies agree that Italy should cede these areas to Yugoslavia, but the wording of the treaty provisions is still under discussion.)

4. *Albania.*

(1) Italy recognises and undertakes to respect the sovereignty and independence of the State of Albania.

(2) Consequently the King of Italy renounces any claim to the title of King of Albania or any of the rights connected therewith.

(3) Italy recognises that the Island of Saseno belongs to Albania and renounces all claims thereunto.

(4) Italy formally renounces in favour of Albania all property (apart from normal diplomatic and consular premises), rights, interests and advantages of all kinds in Albania acquired by the Italian State, whether before or after 1939. Italy similarly renounces all claims to special interest or influence in Albania.

(5) Italian nationals in Albania will enjoy the same juridical status as other foreign nationals, but Italy recognises the legality of all measures of the Albanian Government annulling or modifying concessions or special rights granted to Italian nationals provided that such measures are taken within a year from the entry into force of this treaty.

(6) Italy recognises that all agreements and arrangements between Italy and the authorities in Albania installed by Italy from April 1939 to September 1943 are null and void.

(7) Italy recognises the legality of any such measures which Albania may consider it necessary to take to confirm or give effect to the preceding provision.

5. *Pantellaria and the Pelagian Islands.*

Pantellaria and the Pelagian Islands (Lampedusa, Lampione and Linosa) shall be and shall remain completely demilitarised.

6. *Ethiopia.*

(1) Italy recognises and undertakes to respect the sovereignty and independence of the State of Ethiopia. Consequently the King of Italy renounces any claim to the title of Emperor of Ethiopia or any of the rights connected therewith.

(2) Italy formally renounces in favour of Ethiopia all property (apart from normal diplomatic or consular premises), rights, interests and advantages of all kinds acquired at any time in Ethiopia by the Italian State.

Italy similarly renounces all claim to special interest or influence in Ethiopia.

(3) Italy recognises the legality of all measures which the Government of Ethiopia has taken or may hereafter take in order to annul the measures taken by Italy on Ethiopian territory from the 3rd October, 1935, and their effects.

(4) Italian nationals in Ethiopia will enjoy the same juridical status as other foreign nationals, but Italy recognises the legality of all measures of the Ethiopian Government annulling or modifying concessions or special rights granted to Italian nationals, provided such measures are taken within a year from the entry into force of this treaty.

The Deputies have also agreed that :

(5) Italy will restore all Ethiopian works of art, religious objects and objects of historical value removed from Ethiopia to Italy since the 3rd October, 1935, subject to decision of Committee of Economic Experts as to whether the last paragraph is covered by general clauses on Restitution or whether separate references are needed here and for Albania.

7. *Special Interest of China* (subject to drafting).

Italy renounces in favour of China all benefits and privileges resulting from the provisions of the Final Protocol signed at Pekin on the 7th September, 1901, and from all annexes, notes and documents supplementary thereto, and agrees that the said Protocol, annexes, notes and documents should be terminated. She likewise renounces in favour of China any claim to indemnity accruing thereunder.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224009

Italy agrees to the abrogation of the lease from the Chinese Government under which the Italian Concession at Tientsin is now held. She likewise agrees to turn over to the Chinese Government any documents belonging to the archives of the Concession that are still in her possession.

Italy renounces in favour of China the rights accorded to Italy in relation to the International Settlements at Shanghai and Amoy, and agrees that the said settlements should revert to the administration and control of the Chinese Government.

8. *Limitations on Italian Armed Forces* (agreed subject to drafting and to a French reservation regarding the demilitarisation of the Franco-Italian frontier and a Soviet reservation in regard to the demilitarisation of the Italo-Yugoslav frontier).

In Sicily and Sardinia, Italy shall be prohibited from constructing any naval, military or air force installations or fortifications except for such accommodation as may be required for the purpose of internal security forces or to provide such facilities as may be required by the United Nations. In Sardinia all permanent coast defence artillery emplacements and their armaments and all naval installations which are located within a distance of 30 kilom. from French territorial waters, shall be removed to the mainland of Italy or demolished within one year from the signature of the treaty. No improvements to, reconstruction or extensions of existing installations or permanent fortifications in Sicily or Sardinia will be permitted; however, with the exception of Northern Sardinian area described in the preceding sentence, normal maintenance of such installations or permanent fortifications and weapons already installed in them may be carried out.

Italy shall not possess, construct or experiment with any self-propelled or guided missiles or apparatus connected with their discharge, nor guns with a range of over 30 kilom., sea mines of non-contact type actuated by influence mechanisms, torpedoes capable of being manned, submarines or other submersible craft nor specialised types of assault craft.

9. *War Material.*

All war material of German or Japanese origin or design to be prohibited.

10. *Limitations on Italian Navy: Strength of Italian Fleet.*

Minor Units.—Such number of small naval vessels, such as minesweepers, surveying vessels, small gunboats (excluding Motor Torpedo Boats), plus small non-combatant servicing craft, such as tugs, trawlers, depot ships, as can be manned and maintained in full commission within the limits of a man-power allocation of 2,500 officers and men.

During the necessary period of minesweeping due to the war, Italy shall be authorised to man temporarily an additional number of minesweepers with a surplus complement not to exceed 2,000 officers and ratings.

Replacement and Training (subject to drafting).—No aircraft carriers to be retained or constructed. Replacements of the ships enumerated in paragraph above to be limited as follows :—

(*a*) No replacement battleship to be laid down.
(*b*) No restriction on replacement of other types of ships, provided that any ship being replaced is always scrapped before its successor is launched.

Personnel, other than those forming part of the Italian Navy, not to receive any form of naval training.

11. *Limitations on Italian Army* (subject to drafting).

The Italian Army to be limited to a force of 200,000 combat, service and overhead personnel and 65,000 carabinieri, though either of the above elements may be varied by 10,000 as long as the total ceiling does not exceed 265,000. The organisation and armament of the Italian ground forces, as well as their deployment throughout Italy, will be designed to meet only the necessities of the maintenance of order in Italian territory, local defence on Italian frontiers and anti-aircraft defence.

Army personnel.—The Italian Army, in excess of that permitted under paragraph ....., will be disbanded and such disbandment will be completed within six months of the signature of this treaty.

Personnel other than those forming part of the Italian Army and carabinieri not to receive any form of military training.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Definition of Military Training.—Military training is defined as the study and practice in the use of war material specially designed or adapted for any purposes, and training devices relative thereto; the study and carrying out of all drill or movement which teach or practice evolutions performed by fighting forces in battle; and the organised study of tactics, strategy and staff work.

12. *Limitations on Italian Air Force.*

Air Force Personnel (subject to drafting).—The personnel of the Italian Air Force will be limited to a total of 25,000 effectives which will include combat, service and overhead personnel.

The Italian Air Force, in excess of that permitted under paragraphs..... above, will be disbanded, and such disbandment will be completed within six months of the signature of this treaty.

Personnel other than those forming part of the Italian Air Force not to receive any form of Military Air Training.

Definition of Military Air Training.—Military air training is defined as the study of and practice in the use of war material specially designed or adapted for air force purposes, and training devices relative thereto; the study and practice of all evolutions, including formation flying, performed by aircraft in the accomplishment of an air force mission, and the organised study of air tactics, strategy and staff work.

13. *Limitations on War Material.*

Italy not to manufacture or own either publicly or privately any war material, including warships and military aircraft, in excess of that required for the forces permitted under paragraphs above.

Italy to co-operate fully with the Associated Powers with a view to ensuring that Germany is unable to take steps outside German territory towards rearmament.

14. *Disposal of War Material* (subject to drafting).

All German or Japanese war material, including existing blue prints, prototypes, experimental models and plans, unless expressly excluded by the Allied Inspectorate, to be placed at the disposal of the principal Allied and Associated Powers.

15. *Prohibition on Technicians* (subject to drafting).

Italy not to employ or train any technicians (including military or civil aviation personnel) who are or have been nationals of Germany or Japan, or any other personnel specified by the Allied Inspectorate.

16. *Prisoners of War.*

Italian prisoners of war will be repatriated as soon as possible in accordance with arrangements mutually agreed upon between the individual Powers detaining them and the Italian Government.

Costs of movement of prisoners of war, including maintenance, from assembly points chosen by the Allied Government concerned, to the point of entry into Italian territory will be borne by the Italian Government.

17. *Human Rights.*

The Italian Government undertakes to take all measures necessary to secure to all persons under its jurisdiction, without distinction or discrimination on account of race, sex, language, or religion, the enjoyment of human rights and of the fundamental freedoms including freedom of expression, press and publication, of religious worship, or political opinion, and of public meeting.

D.—*Other outstanding provisions.*

It will be seen from the above list that not even the Deputies have reached agreement on any economic, financial or commercial provisions to be included in the draft treaty, and that the questions relating to the naval, military and air clauses on which the Deputies have reached agreement do not cover this field completely.

Cabinet Offices,
6th May, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

C224011

The circulation of this paper has been strictly limited. It is issued for the personal use of Mr. Mackenzie King

TOP SECRET. Copy No. 76

P.M.M. (46) 13th Meeting.

MEETING OF PRIME MINISTERS.

MINUTES of the Thirteenth Meeting held at No. 10 Downing Street, S.W.1, on Tuesday, 7th May, 1946, at 3·45 p.m.

Present:

The Right Hon. C. R. ATTLEE, M.P., Prime Minister of the United Kingdom (*in the Chair*).

United Kingdom.

The Right Hon. VISCOUNT ADDISON, Secretary of State for Dominion Affairs.
The Right Hon. G. H. HALL, M.P., Secretary of State for the Colonies.
Mr. J. B. HYND, M.P., Chancellor of the Duchy of Lancaster.
Mr. HECTOR MCNEIL, M.P., Parliamentary Under-Secretary of State for Foreign Affairs.
Mr. ARTHUR HENDERSON, K.C., M.P., Parliamentary Under-Secretary of State for India.
Sir ERIC MACHTIG, Permanent Under-Secretary of State for Dominion Affairs.
Mr. E. L. HALL-PATCH, Foreign Office.

Australia.

The Right Hon. H. V. EVATT, Minister of External Affairs.
The Right Hon. J. A. BEASLEY, High Commissioner for Australia.
Dr. J. W. BURTON, Department of External Affairs.
Professor K. H. BAILEY, Department of External Affairs.

New Zealand.

The Right Hon. W. NASH, Deputy Prime Minister of New Zealand.
Mr. F. SHANAHAN, Secretary of Cabinet.
Mr. F. H. CORNER, Department of External Affairs.

South Africa.

Field-Marshal The Right Hon. J. C. SMUTS, Prime Minister of South Africa.
Mr. G. HEATON NICHOLLS, High Commissioner for South Africa.
Mr. D. D. FORSYTH, Secretary for External Affairs.
Mr. R. JONES, Office of the High Commissioner for South Africa.

Secretariat.

Sir NORMAN BROOK.
Sir JOHN STEPHENSON.
Mr. C. G. EASTWOOD.
The Hon. F. E. CUMMING-BRUCE.

CONTENTS.

1. Political Situation in India.
2. Policy towards Germany.

W.L.M. King Papers, Memoranda and Notes, 1940-1950, MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Political Situation in India.

1. MR. ATTLEE informed visiting Ministers of the state of the discussions which were now being conducted by the Cabinet Mission in India.

In subsequent discussion DR. EVATT expressed the hope that India would not acquire a status different from that of the other members of the British Commonwealth. Each had full autonomous rights but all co-operated, and this should be the position of India. If, unfortunately, India chose to leave the Commonwealth, it would be bound to affect adversely the strength of the whole Commonwealth. He assumed that if she did decide to leave the Commonwealth the United Kingdom Government would propose to include in any treaty with her adequate provisions on defence matters.

MR. ATTLEE agreed that this would certainly be the case.

MR. NASH suggested that Indians might think that Dominion status implied some degree of inferiority. Existing members of the Commonwealth would, he was certain, be very ready to assure her that this was not the case. It might perhaps be useful if all members of the Commonwealth were to issue a statement that they were anxious to see India in an equal position with themselves.

FIELD-MARSHAL SMUTS suggested that it might be well to consider whether the use of the word "Dominion" could not be avoided in describing the position of the different members of the British Commonwealth.

LORD ADDISON said that he was interested in Field-Marshal Smuts' suggestion and would certainly take note of it.

Policy towards Germany.

2. The meeting had before them a memorandum by the Secretary of State for Foreign Affairs on Policy towards Germany (P.M.M. (46) 21). The paper set out some of the problems facing the United Kingdom in Germany, with particular reference to the question whether her policy should be to work towards a unified though federalised Germany or towards a separate Western German State or States which would be more amenable to her influence.

MR. ATTLEE said that in his view it would be wrong to work towards a permanent separation between Eastern and Western Germany. He doubted whether the German people would be likely permanently to acquiesce in such a separation; he did not think that the separate units would be economically viable; and the separation would do much to divide Europe into two separate camps.

FIELD-MARSHAL SMUTS agreed with Mr. Attlee's view. He thought it would be a grave mistake to work for a divided Germany. It would be bound to create in the future a fresh movement towards unification and in the meanwhile it would weaken our whole position in Western Europe. He thought that the British Commonwealth should certainly strive to the utmost to consolidate democratic institutions in Western Germany, but we should not do this with the idea in the back of our minds that there would always be separation between East and West. In his view our ultimate objective should be a federal Germany on the lines of the Germany that had existed before the days of Bismarck. The territorial units which then existed had behind them the sanction of tradition and local sentiment. For the present he thought it very important that we should do our best, despite the absence of political unity, to preserve some degree of economic unity. He agreed with the general lines of the statement which Mr. Bevin suggested he should make when it became necessary to discuss these questions.

He would leave it to the Germans to work out the precise form of their future constitution. Our primary business was to de-militarise and disarm Germany and to prevent a resurgence of a highly centralised State such as had been built up by Bismarck and his successors.

Field-Marshal Smuts added that he would wish to see the Ruhr remain under British control for the present.

DR. EVATT agreed with the line which Mr. Attlee proposed. He thought that it would be wrong to split Germany into parts. It had been implicit in the Potsdam Declaration that Germany should not be permanently split along the lines of the present military occupation. He did not like the suggestion on page 3 of the paper that the danger from Russia had become as great as the

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224013

danger from a revived Germany. It was true that this was in accordance with the views expressed by the United Kingdom Chiefs of Staff in the paper circulated as P.M.M. (46) 1, but we must be on our guard against assuming that any State was necessarily a danger to peace. If we did so, foreign policy might present fewer difficulties (since it would no longer be necessary to consider what was just but only what was required to strengthen our position against that State), but it would be a policy of despair. At an earlier meeting Mr. Morrison had been critical of the Potsdam Agreement, but that Agreement was enlightened compared to such a policy.

There were many variations of federation. The Central Government could be strong or weak. In the paper under discussion the plan was to make the Central Government weak and the local governments as strong as possible. He doubted whether the Germans could be relied on to accept such a solution permanently. It was because of the disadvantages of the loose association which had existed in the past that there had been such a notable tendency towards strong central government in the history of Germany during the last hundred years. It might not be wise to go now to the opposite extreme.

Dr. Evatt suggested that it would be well for the problems of Germany to be discussed as soon as possible between a wider circle of States. He thought this might well have the effect of easing the difficulties which had arisen between the four occupying Powers.

Mr. NASH agreed with Dr. Evatt that the United Kingdom should not follow a policy which implied that conflict between the European Powers was one day inevitable. To do so would be to abandon the policy of building up the United Nations and to destroy everything for which we had been fighting. He did not belittle the difficulties of relations between the eastern and western Powers in Germany, but he was sure that we should pursue the goal of a unified and not a divided Germany. At the same time, the French proposals for dealing with the Rhineland should not be lightly set aside. The French would not necessarily exclude those areas economically from the rest of Germany.

Mr. Nash thought that it would be wrong to base a policy on the assumption that Communist ideology would prevail in Germany. He was not convinced that it would do so. It was not true that all behind the iron curtain were convinced adherents of communism. It might quite well be that our ideology would prevail over that of the Communists if we pursued a forward constructive policy.

Mr. ATTLEE said that it seemed to be common ground between those present that a great effort should be made to continue working with Russia. The idea of a division of Germany should be rejected. Equally, he thought it was common ground that we should reject complete centralisation. In between, there existed, as Dr. Evatt had said, many possible degrees of decentralisation and the precise degree required was a matter that could be further considered. The objective was sufficient decentralisation to make an effective democracy possible. Without this there would be a danger of Germany falling completely under Russian influence. A Germany under Russian influence might in time develop into a Russia under German influence.

LORD ADDISON added that we should not be unduly afraid of communism. The results of the French referendum showed that there might be a reaction against it. In Germany, much depended upon the way of life that was built up in the Western zones. If there was distress there, communism would spread. At the moment, the situation was one of great difficulty. There was real danger of catastrophic famine in Germany.

Mr. ATTLEE gave the visiting Ministers information regarding the food shortage in the British zone. The zone had always been a deficit area which had in the past obtained its supplies from Eastern Germany. This had not been possible since the occupation. Now the supplies which had been looked for chiefly from the United States were not forthcoming. The United Kingdom had already assisted to the best of her ability from her own resources, and it would be very difficult for her to do more. Fresh efforts were being made to increase supplies from America.

Cabinet Office, S.W. 1,
7th May, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

COLLATERAL

Copy from Hansard, Wednesday, 8th May, 1946. C224014

THE PRIME MINISTER:

I am anxious that there should be no misunderstanding on this point and I should like to take this opportunity of making clear the nature and purpose of our consultation with the Dominions on matters of this kind. It is our practice and our duty as members of the British Commonwealth, to keep other members of the Commonwealth fully and continuously informed of all matters which we are called upon to decide, but which may affect Commonwealth interests. The object is to give them an opportunity of expressing their views in confidence, if they so desire. These views are taken fully into account, but the decision must be ours, and the other Governments are not asked, and would not wish, to share the responsibility for it. Dominion Governments follow the same practice. This course was followed with regard to these negotiations with Egypt. The Dominion Governments were kept fully informed by telegram and, in addition, we took the opportunity of personal discussion with the Australian, New Zealand and South African Ministers now in London. I hope that this general statement will be a guide to the House as to the nature of Commonwealth consultation in such matters, and will indicate the difficulty in which His Majesty's Government in the United Kingdom are placed if pressed to disclose the views expressed by Dominion Governments in such circumstances.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224015

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

C224015

The circulation of this paper has been strictly limited. It is issued for the personal use of Mr. Mackenzie King

TOP SECRET. Copy No. 76

P.M.M. (46) 14th Meeting.

MEETING OF PRIME MINISTERS.

MINUTES of the Fourteenth Meeting held at No. 10 Downing Street, S.W. 1, on Wednesday, 8th May, 1946, at 11 a.m.

Present:

The Right Hon. C. R. ATTLEE, M.P., Prime Minister of the United Kingdom (*in the Chair*).

United Kingdom.

The Right Hon. VISCOUNT ADDISON, Secretary of State for Dominion Affairs.
The Right Hon. G. H. HALL, M.P., Secretary of State for the Colonies.
Mr. HECTOR MCNEIL, M.P., Parliamentary Under-Secretary of State for Foreign Affairs.
Mr. ARTHUR HENDERSON, K.C., M.P., Parliamentary Under-Secretary of State for India.
Sir ORME SARGENT, Permanent Under-Secretary of State for Foreign Affairs.
Sir ERIC MACHTIG, Permanent Under-Secretary of State for Dominion Affairs.
VISCOUNT HOOD, Foreign Office.

Australia.

The Right Hon. H. V. EVATT, Minister of External Affairs.
The Right Hon. J. A. BEASLEY, High Commissioner for Australia.
Dr. J. W. BURTON, Department of External Affairs.
Professor K. H. BAILEY, Department of External Affairs.
Mr. J. D. L. HOOD, External Affairs Liaison Officer in London.

New Zealand.

The Right Hon. W. NASH, Deputy Prime Minister of New Zealand.
Mr. F. H. CORNER, Department of External Affairs.
Mr. F. SHANAHAN, Secretary of Cabinet.

South Africa.

Field-Marshal The Right Hon. J. C. SMUTS, Prime Minister of South Africa.
Mr. G. HEATON NICHOLLS, High Commissioner for South Africa.
Mr. D. D. FORSYTH, Secretary for External Affairs.
Mr. R. JONES, Office of the High Commissioner for South Africa.

Secretariat.

Sir NORMAN BROOK.
Sir JOHN STEPHENSON.
Mr. C. G. EASTWOOD.
The Hon. F. E. CUMMING-BRUCE.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224016

CONTENTS.

1. Egypt : Revision of Anglo-Egyptian Treaty.
2. Draft Peace Treaty with Italy.
3. Future Business.
4. Issue of Communiqué.

Appendix I.

Appendix II.

Egypt: Revision of Anglo-Egyptian Treaty.

(Previous reference : P.M.M. (46) 4th Meeting, Item 1, and 6th Meeting, Item 4.)

1. MR. ATTLEE said that in the course of the debate in the House of Commons on the previous day regarding the proposal to withdraw British forces from Egypt he had been closely questioned on the extent to which Dominion Governments had been consulted and had agreed to the proposal. He read to the Ministers extracts from the Official Report of the debate (attached as Appendix I).

He recalled that at their 4th Meeting he had informed the Ministers from Australia and New Zealand—Field-Marshal Smuts had not then arrived—of the course which the United Kingdom Government proposed to take. They, like the United Kingdom Ministers, had seen the grave danger of this course, but he had understood that they acquiesced in the view that, in the circumstances, the course proposed was that best calculated to secure our interests in the Canal zone.

In the debate he had been pressed to define the attitude of the Dominions. He had been anxious not to commit Dominion Ministers or their Governments and he now wished to make it clear to them that the United Kingdom Government took full responsibility for the decision.

DR. EVATT said that the record of the 4th Meeting showed that the matter had been presented to Dominion Ministers as a decision already taken by the United Kingdom Government; they had regarded it as one within the jurisdiction of that Government. He recalled that Field-Marshal Smuts, at the first meeting held after he arrived in England (the 6th Meeting), had raised the subject again and had expressed the view that it would be greatly preferable if an announcement regarding the facilities to be given to the British Commonwealth in Egypt could be made simultaneously with that relating to the withdrawal of British forces.

Dr. Evatt said that Dominion Ministers had to consider the reactions in their own countries to the statements made in the debate in the House of Commons. They would certainly be questioned regarding their attitude.

He suggested that, when United Kingdom Ministers discussed with Dominion Governments matters of importance to the Commonwealth, discussion might take one of three forms. First, Dominion Governments might be asked to *assent* to a proposed course of action and to share the responsibility for it. Secondly, they might be *consulted* as to their views before a decision was taken by the United Kingdom Government. Thirdly, they might be kept *informed* of the action which the United Kingdom Government proposed to take. In the present case the Australian Government had certainly been informed of the course proposed. He did not think they should be taken as having assented to it : they regarded the matter as one on which the decision rested with the United Kingdom Government.

MR. NASH agreed with Dr. Evatt that it would not be correct to say that Dominion Ministers had shared in the decision. On the other hand, they had been fully informed of what the United Kingdom had in mind and he personally had not at the time had any doubt that the course proposed was the only course possible, though he had had certain misgivings after listening to Field-Marshal Smuts's statement at the 6th Meeting. So far as he was concerned, it would be true to say that he had acquiesced in the decision, though he did not share in the responsibility for it.

FIELD-MARSHAL SMUTS said that he fully understood that Mr. Attlee had been placed in a very difficult situation during the debate. He did not think it right that United Kingdom Ministers should be pressed to state in the House of Commons the views expressed by Dominion Governments in such consultations

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224017

as this. That was hardly fair to those Governments. They had no means of joining in the debate themselves and anything said in the House of Commons might place them in an uncomfortable position in their own countries. He was in fact sure to be cross-examined in his own Parliament on the attitude he had adopted to the United Kingdom's proposal.

He had himself raised the question of Egypt as soon as he arrived in England because, when passing through Egypt, Lord Stansgate had told him what the United Kingdom Government had in mind. It had been a surprise and a shock to him and he had thought that he should express his opinion openly as soon as he arrived. He had hoped that it would be possible for the announcement to be held up until an announcement could be made simultaneously regarding the facilities to be granted to the British Commonwealth in Egypt.

Dominion Ministers were certainly informed of what was in mind, but he did not think it would be right to say that they were consulted in such a way as to associate them with the decision. The decision was clearly that of the United Kingdom Government.

Field-Marshal Smuts said that he would be very glad if it were possible to issue some general statement about the nature and purpose of consultations between the Governments of the Commonwealth, which might reduce the risk of misunderstanding, both on this and future occasions.

MR. ATTLEE said that he was quite prepared to make a further statement in the House. The statement should, he suggested, explain the general method of consultation pursued between the Commonwealth Governments, and make it clear that it was the established practice of the United Kingdom Government to give Dominion Governments an opportunity to comment on matters affecting the general welfare of the Commonwealth.

MR. NASH said that this was fully in conformity with his wishes. The New Zealand Government would certainly wish to be consulted not only on problems of immediate interest to Dominion Governments but also on wider problems of general Commonwealth interest.

LORD ADDISON said that this was already the practice of the United Kingdom Government on many questions. There had been many occasions on which the United Kingdom Cabinet had modified a decision in the light of views expressed by Dominion Governments. The United Kingdom Government always welcomed an expression of the views of Dominion Governments on matters of general interest, even though the responsibility for decision rested with the United Kingdom Government. Field-Marshal Smuts, for instance, had sent in recent months many telegrams on the subject of policy in Greece which had been most valuable to the United Kingdom Government.

DR. EVATT suggested that if the Government of one member of the Commonwealth were asked in its Parliament what were the views of the Government of another member of the Commonwealth, the safest line to take was usually that this was a matter on which a statement could not be made without reference to that Government.

Later in the meeting, MR. ATTLEE read to the visiting Ministers the text of a statement which he proposed to make in the House of Commons that afternoon. The text of this statement, as finally agreed after discussion, is attached at Appendix II.

Draft Peace Treaty with Italy.

2. MR. ATTLEE asked Lord Hood, who was a member of the United Kingdom Delegation to the Council of Foreign Ministers in Paris, to report recent developments in the negotiations.

LORD HOOD said that the four Foreign Ministers had reviewed the draft treaty with Italy on the 7th May. M. Molotov had developed his conception of a bargain. He had suggested that the Yugoslav frontier claims should be met in full, including the claim to Trieste, that the Dodecanese should be awarded to Greece, that Italian property and assets in Greece and Yugoslavia should be reckoned as reparations, Italy's liability being reduced *pro tanto*, and that the Italian Colonies should be placed either under sole Italian trusteeship or under joint trusteeship in which she had a share. These proposals did not commend themselves to Mr. Bevin and Mr. Byrnes.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224018

There had ensued a lengthy discussion on three principal issues :—

(i) *Reparations.*—A Committee of Experts had been appointed to examine the various proposals put forward, including a fresh proposal of Mr. Byrnes that, as there were no Italian assets in Russia, the Soviet Government should be awarded Italian assets in Roumania, Bulgaria and Hungary. The Committee had not been able to reach agreement. Their report was, he understood, to be considered that day by the Foreign Ministers.

(ii) *Venezia Giulia.*—Mr. Bevin and Mr. Byrnes had intimated their readiness to agree to the frontier line proposed by the French Delegation. M. Molotov had not, however, been prepared to modify his previous stand.

(iii) *Italian Colonies.*—No progress had been made.

It has finally been decided that no useful purpose would be served by continuing the discussion of the Italian treaty and the Foreign Ministers had proceeded to consider the draft treaties with the Balkan States.

It appeared that, in the case of these draft treaties, there might not be much difficulty in reaching agreement on draft articles on territorial questions. Difficulties, however, were likely to arise in the economic field, in particular in regard to control of the Danube and the economic rights of foreign countries.

As regards the future timetable, it seemed that the Foreign Ministers would continue to discuss outstanding aspects of the Balkan treaties, and would then proceed to discuss questions relating to Germany. They might then review once more the outstanding points of difference on the draft peace treaties.

The impression had been gained that the Soviet Government wished allied unity to be maintained, and there seemed to be a chance of agreement being reached. But the possibility of a breakdown could not be ruled out. If a breakdown should become likely, it would be necessary to decide on the course to be followed then. Lord Hood believed that the Foreign Secretary had it in mind to propose that documents should be drawn up showing the clauses of the draft treaties on which agreement had been reached and the various points on which there was disagreement; and that these documents should be laid before the proposed Peace Conference.

FIELD-MARSHAL SMUTS said that the procedure was reminiscent of the Five-Power sponsorship of the Dumbarton Oaks draft at San Francisco, where points not agreed between the Five Powers were left over until the Conference. The prospects of an early Conference did not, however, appear to be favourable, for while the Soviet Government might not have a veto on the convening of the Conference in a technical sense, in practice it would be very difficult to proceed without Russian concurrence.

Subsequent discussion centred on the need for expediting the holding of the Peace Conference. The Council of Foreign Ministers might continue its discussions for some little while, and after that there would have to be an interval between the issue of invitations to the Conference and the holding of it. It was very inconvenient to Dominion Ministers to be away from their countries long; and, besides, they looked to the Conference to settle the terms of the treaties.

DR. EVATT said he had the impression that there was little enthusiasm for the Conference. He expressed the hope that it would be held as soon as possible, whether or not agreement was reached between the Four Powers. Complete agreement would, indeed, be likely to limit the scope of the Peace Conference; for the four Foreign Ministers were now engaged in discussions of substance rather than of drafting. He recalled that the Moscow Agreement clearly provided for the convoking of the Peace Conference. The countries who had made a substantial contribution to victory and who were not represented on the Council of Foreign Ministers could not acquiesce in an evasion or nullification of the previous assurance of a Conference. It was on account of this assurance that they had accepted the Moscow Agreement. He added that some countries not represented on the Council of Foreign Ministers had a better right than France to participate in the peace settlement. As regards the possibility of the conclusion of separate treaties with Italy by the different countries at war, he observed that the allied countries had specifically agreed not to conclude a separate peace.

MR. ATTLEE said that Mr. Bevin had been informed of the views expressed at the 12th Meeting and had been asked to supply information as to the prospects of convening the Peace Conference in the near future. The Foreign Secretary was doing all that he could to insist on the summoning of the Conference, but the Russians had been opposing a Conference until complete agreement had been

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224019

reached by the drafting countries. To insist on a Conference against Russia's wishes might well involve a complete breach with her, and the implications of that would be very serious. Mr. Bevin had made clear his view that, when the draft treaties were laid before the Conference, it would be open to any of the Governments represented on the Council of Foreign Ministers to consider amendments suggested by the other States present at the Conference and to support them if they thought fit.

MR. MCNEIL said that the Russian view had so far been that complete agreement must be reached by the drafting countries on draft treaties before the Conference was convened. If she could not be persuaded to change her view, there were three alternative courses in the event of failure to reach agreement. First, it would be possible for separate treaties to be made by each State at war. The Foreign Secretary was opposed to this course. Secondly, it would be possible for certain countries to issue a declaration of their intentions in regard to their future relations with Italy and the Balkan States. Thirdly, he supposed that it would conceivably be possible for a Conference to be held without the participation of Russia, but such a course might have grave repercussions and would clearly require the most serious consideration.

FIELD-MARSHAL SMUTS said that it might suit Russia to let things drift. She was the Power in effective possession of the Balkans and she might well see no particular advantage in formal treaties with the Balkan States.

MR. NASH shared the view of the Australian Government that the Moscow Agreement should be adhered to and a Peace Conference convened as soon as possible. He also feared that the effect of the present meeting of the Council of Foreign Ministers might be to restrict the scope of the Conference.

In discussion it was suggested that it might be useful if the Foreign Secretary could return from Paris for a further discussion with Dominion Ministers. Dr. Evatt was anxious that Mr. Mackenzie King should be present at any further discussion. Other Ministers thought that it would not be possible to wait until he arrived.

DR. EVATT said that he would himself be going to Paris in the following week on other matters, but he proposed to express to M. Molotov and Mr. Byrnes the views of the Australian Government, which were wholly in accord with those expressed at the meetings. He would impress on them the bad effect on public opinion that failure to convene a Peace Conference would have. He doubted whether, if Russia would not agree to the holding of a Conference, the convening of it would necessarily involve a serious breach between her and the participating allies. It should be borne in mind that, so far as the Italian treaty was concerned, Russia had not contributed to the defeat of Italy. He agreed that it did not seem possible to carry consideration of the Italian treaty further at this stage.

MR. ATTLEE said that the strong feeling of the Meeting that it was urgent that the Peace Conference should be held would be conveyed fully to Mr. Bevin and, if in the meanwhile there had been no developments, arrangements would be made for the subject to be discussed again as soon as possible after Mr. Mackenzie King's arrival.

Future Business.

3. The Meeting discussed the items to be included on the Agenda when meetings were resumed in the week beginning the 20th May.

After discussion the following provisional time-table was arranged :—

Monday, 20th May, at 3·45 p.m.
Proceedings of the Council of Foreign Ministers.
Peace Treaties with Italy, Roumania, Bulgaria, Hungary and Finland.

Tuesday, 21st May, at 3·45 p.m.
Nationality of Married Women.
The Ruhr and the Western Frontier of Germany.

Wednesday, 22nd May, at 11·0 a.m.
Atomic Energy.

Thursday, 23rd May, at 3·45 p.m.
Commercial Policy Questions with special reference to Imperial Preference.

Friday, 24th May, at 11·0 a.m.
Other Business. (Final Meeting.)

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224020

Issue of Communiqué.

4. The Meeting agreed that a brief communiqué should be issued, announcing the adjournment of the meetings until the arrival of Mr. Mackenzie King.

Cabinet Office, S.W. 1,
8th May, 1946.

APPENDIX I.

EXTRACT FROM THE HOUSE OF COMMONS' OFFICIAL REPORT FOR MONDAY, 6TH MAY, 1946.

THE PRIME MINISTER: . . . I am certain that this is the best approach. That is the advice we have received . . . My right hon. Friend the Secretary of State for Air is accompanied by both civilians and soldiers with great experience of these problems. We have discussed this matter with the Chiefs-of-Staff who are, naturally, supporting this step. We have discussed it with the Dominion Prime Ministers [an Hon. Member: "Did they agree?"] They agreed that this was the best method of approach. After weighing all the factors as to what was the best way in which we could come to an agreement with Egypt in this matter, they have agreed that this is the best way of approach. Fortunately, we had the Dominion Prime Ministers' representatives over here, and we have discussed with them, perfectly clearly, why we are doing this, what we are doing, and what is our endeavour. . . .

MR. EDEN: May I put one question? I am not sure whether I heard the right hon. Gentleman aright. I asked whether the timing, method and wording, were agreed with the Dominions?

THE PRIME MINISTER: Yes, I brought this draft before the Dominion Prime Ministers and discussed it with them. [Hon. Members: "Did they agree?"] Well, I did not come to this House to—[Hon Members: "Oh!"]—His Majesty's Government take full responsibility. I discussed it with the Dominion representatives very fully. They agreed that this was the best method of approach.

MR. CHURCHILL: I hope the right hon. Gentleman will not leave us in any doubt about this point as to the Dominions. He has assured us they were consulted, and no doubt there were discussions, but is it the fact that they were consulted before the decision was taken, or was the decision taken and they were just told of the decision?

THE PRIME MINISTER: Of course they were consulted before the decision.

MR. CHURCHILL indicated dissent.

THE PRIME MINISTER: The right hon. Gentleman shakes his head. He was not there. He was not there when we discussed this. We decided on this draft and considered that it was the right line of approach, and naturally we brought it before the Dominions representatives, but I am not attempting to shelter myself by putting responsibility on others. I am saying they were fully consulted.

APPENDIX II.

EGYPT: STATEMENT BY MR. ATTLEE IN HOUSE OF COMMONS ON 8TH MAY, 1946.

I should like, with your permission, Mr. Speaker, to make the following statement.

In the course of yesterday's debate on Egypt, I was asked whether the Dominion Government's were consulted before the announcement was made in Cairo and whether they agreed to its terms and timing. I replied that they were fully consulted and that they agreed that this was the best method of approach, though I made it clear that the responsibility for the decision rested entirely with His Majesty's Government here.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224021

I am anxious that there should be no misunderstanding on this point and I should like to take this opportunity of making clear the nature and purpose of our consultation with the Dominions on matters of this kind. It is our practice and our duty as members of the British Commonwealth to keep other members of the Commonwealth fully and continuously informed of all matters which we are called upon to decide, but which may affect Commonwealth interests. The object is to give them an opportunity of expressing their views in confidence, if they so desire. These views are taken fully into account, but the decision must be ours and the other Governments are not asked, and would not wish, to share the responsibility for it. Dominion Governments follow the same practice.

This course was followed with regard to these negotiations with Egypt. The Dominions Governments were kept fully informed by telegram and in addition we took the opportunity of personal discussion with the Australian, New Zealand and South African Ministers now in London.

I hope that this general statement will be a guide to the House as to the nature of Commonwealth consultation in such matters, and will indicate the difficulty in which His Majesty's Government in the United Kingdom are placed if pressed to disclose the views expressed by Dominion Governments in such circumstances.

So much for general principles. I wish now to deal with one particular remark which I made yesterday. I said that the Dominions had " agreed " to our method of approach to the revision of the Anglo-Egyptian Treaty. I think the word " agreed " may have given a wrong impression. There was full information and discussion. The Dominion Ministers were not called upon to express agreement in a matter which was one of United Kingdom responsibility, but they realised that the line of approach had to be decided by the United Kingdom in the light of the conditions and of the advice given to them by their civil and military advisers on the spot.

This statement, I may add, is made after consultation with the Dominion Ministers now in London and has their full agreement.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

SECRET. C224022 Copy No. 66

P.M.M. (46) 26.

8*th May*, 1946.

MEETING OF PRIME MINISTERS.

DRAFT PEACE TREATY WITH HUNGARY.

NOTE BY THE SECRETARIES.

THERE is circulated herewith a memorandum on the Draft Peace Treaty with Hungary prepared in the Foreign Office.

(Signed) NORMAN BROOK.
J. E. STEPHENSON.

Cabinet Office, S.W. 1,
8*th May*, 1946.

ANNEX.

DRAFT PEACE TREATY WITH HUNGARY.

MEMORANDUM PREPARED IN THE FOREIGN OFFICE.

NOTE.—The major questions on which difference has arisen between the Soviet Delegation, on the one side, and the United Kingdom and United States Delegations on the other, are summarised in the memorandum previously circulated by the Foreign Secretary (P.M.M. (46) 11). The following statement outlines the progress made by the Deputies of the Foreign Ministers in the preparation of the Draft Treaty. Square brackets denote that agreement has not been reached on the passage bracketed.

The following preamble was agreed subject to later decision as to whether the passage in brackets should be included in the preamble or set out as a separate article (see paragraph ~~13~~ 14 below) :—

1. *Preamble.*

" The Union of Soviet Socialist Republics, the United Kingdom, the United States of America, Australia, the Byelorussian Soviet Socialist Republic, Canada, Czechoslovakia, India, New Zealand, the Ukrainian Soviet Socialist Republic, the Union of South Africa, Yugoslavia, as the States which are at war with Hungary and actively waged war against the European enemy States with substantial military force, hereinafter called the Allied and Associated Powers, of the one part, and Hungary, of the other part;

" Whereas Hungary, having become an ally of Hitlerite Germany and participating on her side in the war against the Union of Soviet Socialist Republics, the United Kingdom, the United States of America and other United Nations, bears her share of responsibility for this war;

" Whereas, however, Hungary on the 28th December, 1944, broke off relations with Germany, declared war on Germany and on the 20th January, 1945, concluded an Armistice with the Governments of the Union of Soviet Socialist Republics, the United Kingdom and the United States of America, acting on behalf of all the United Nations, which were at war with Hungary; and

" Whereas the Allied and Associated Powers and Hungary wish to settle questions still outstanding between them as a result of the events hereinbefore

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224023

recited [thereby enabling the Allied and Associated Powers to support Hungary's application to become a member of the United Nations and also to adhere to any Convention concluded under the auspices of the United Nations and forming the basis of friendly relations between them],

"Now, therefore, have agreed to declare the cessation of the state of war and for this purpose to conclude the present Peace Treaty, and the Governments of the Allied and Associated Powers and of Hungary have appointed as their Plenipotentiaries (names of the Governments and of their Plenipotentiaries .....
.....) who, after presentation of their full powers, found in good and due form, have agreed on the following."

2. *Limitation of Armaments.*

The following clause, which is still under discussion, has been accepted provisionally :—

"The maintenance of armaments for land, sea and air will be closely restricted to the needs of—

(*a*) the maintenance of order in Hungarian territory;
(*b*) defence of local frontiers;
(*c*) such military contingents, if any, in addition to the foregoing as may be required by the Security Council."

The clause has been referred to the Joint Committee of Naval, Military and Air experts for a report on the limitations to be imposed on Hungarian armaments.

3. *Restoration of United Nations Property.*

This point is under discussion, on the basis of the following clause of the Soviet draft treaty :—

["Hungary undertakes to restore all legal rights and interests of the United Nations and their nationals as they existed before the war and to return their property in complete good order."]

4. *Reparation.*

The following clause, which is under discussion, was proposed by the Soviet Delegation :—

["Losses caused to the Soviet Union, Czechoslovakia and Yugoslavia by military operations and by the occupation by Hungary of the territory of these States will be indemnified by Hungary to the Soviet Union, Czechoslovakia and Yugoslavia, but, taking into consideration that Hungary has not only withdrawn from the war against the United Nations but has also declared war on Germany, the Parties agree that compensation for the above losses will be made by Hungary not in full but only in part, namely to the amount of 300 million United States dollars payable over 6 years in commodities (machine equipment, river craft, grain, &c.), the sum to be paid to the Soviet Union to amount to 200 million United States dollars, and the sum to be paid to Czechoslovakia and Yugoslavia to amount to 100 million United States dollars.

The basis for calculating the settlement provided for in this article will be the American dollar at its gold parity on the day of the signing of the Armistice Agreement, *i.e.*, 35 dollars for one ounce of gold."]

In the discussion of the above clause the United States Deputy made the following statement :—

"I should like to call the attention of my colleagues to the fact that at the time of the signature of the Hungarian Armistice, the United States Government made reservations with respect to the reparation obligations imposed upon Hungary by Article 12. The United States Government has repeatedly made known its disagreement with the process of fixing reparation obligations in the abstract without regard to the possible effects of the obligations thus established upon economic conditions in the enemy States concerned. In Hungary the economic situation has been steadily deteriorating for some months and is now deteriorating at an even more rapid pace. Conditions of advanced inflation have been reached. About one month ago the United States Government proposed that the representatives of the Soviet, United

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224024

Kingdom and United States Governments in Hungary be instructed to concert in studying the programme which would halt the economic disintegration of Hungary and would provide a basis with the rehabilitation of that country. As far as I am aware, no steps in this direction have been taken. The United States Government desires to have more detailed information on the Hungarian economic situation before reaching a decision with respect to reparation. We believe that this subject should be deferred pending the receipt of information regarding the approach made by the United States Government to the Soviet and British Governments."

5. *German Assets in Hungary.*

The following clause has been agreed in principle :—

" Hungary recognises that the Soviet Union is entitled to all German assets in Hungary transferred to the Soviet Union by the Control Council for Germany and undertakes to take all necessary measures for facilitating such transfers."

6. *Restitution.*

The following clause has been agreed in principle, subject to inclusion of a time limit and to reconsideration of the wording of the reference to restitution to United Nations other than the Soviet Union :—

" Hungary, in so far as she has not yet done so, undertakes to return to the Soviet Union, as well as to Czechoslovakia, Yugoslavia and other United Nations in complete good order all valuables and materials removed during the war from United Nations' territory to Hungary, and belonging to State, public and co-operative organisations, enterprises, institutions and individual citizens, such as : factory and works equipment, locomotives, rolling-stock, tractors, motor vehicles, historic monuments, museum treasures and any other property."

7. *Return of Allied vessels.*

The Deputies agreed that provision for return of Allied vessels would be made under the Article governing the restoration of United Nations property.

8. *Annulment of the Vienna Awards.*

The following clause is under discussion :—

" The decisions of the Vienna Awards of the 2nd November, 1938, and the 30th August, 1940, are declared null and void. The frontier between Hungary and Roumania existing on the 1st January, 1938, is hereby restored [the whole of Transylvania being thus included in the territory of Roumania]. [Nevertheless, the Allied and Associated Powers would be prepared to recognise any rectification of the Hungarian-Roumanian frontier that may subsequently be mutually agreed between the parties directly concerned and which would substantially reduce the number of persons living under alien rule."]

9. *Human Rights.*

A clause has been agreed as follows :—

" The Hungarian Government undertakes to take all measures necessary to secure to all persons under its jurisdiction, without distinction as to race, sex, language or religion, the enjoyment of human rights and of the fundamental freedoms, including freedom of expression, press and publication, of religious worship, of political opinion and of public meeting."

10. *Dissolution of Fascist Organisations.*

A clause has been agreed as follows :—

" Hungary, which in accordance with the Armistice Agreement has taken measures for dissolving all organisations of a Fascist type on Hungarian territory whether political, military or para-military, as well as other organisations conducting propaganda hostile to the United Nations, undertakes not to permit in future the existence and activities of organisations [of that nature] which have as their aim denial to the people of their democratic rights."

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224025

11. *Repeal of Discriminatory Legislation.*

The following has been agreed :—

"Hungary, which in accordance with the Armistice Agreement has taken measures to set free, irrespective of citizenship and nationality, all persons held in confinement on account of their activities in favour of the United Nations or because of their sympathies with the United Nations or because of their racial origin, and to repeal discriminatory legislation and restrictions imposed thereunder, undertakes to complete these measures and in future not to take any measures or enact any laws which would be incompatible with the objects and purposes mentioned in this Article."

12. *War Criminals.*

The clause in the Soviet Draft Treaty, based on Article 14 of the Armistice, is as follows :—

"Hungary undertakes to collaborate with the Allied and Associated Powers in the apprehension and trial of persons accused of war crimes."

This was considered by the Deputies, without prejudice to the inclusion of an article on this subject in the draft Treaty or in a separate Protocol. The United States Delegation believes that the Treaty should contain a more detailed statement of Hungary's obligation.

13. *Withdrawal of Allied Forces.*

This clause has been agreed, subject to the view expressed by the United States Delegation that, if a Treaty restoring the independence of Austria is concluded before, or simultaneously with, the Treaty with Hungary, this Article will have to be modified :—

"Upon the entry into force of the present Treaty, all Allied forces will, within the period of . . . . days, be withdrawn from Hungary, subject to the right of the Soviet Union to keep on Hungarian territory such armed forces as it may need for the maintenance of the lines of communication of the Red Army with the Soviet zone of occupation in Austria. All unused Hungarian currency and all Hungarian goods in possession of the Allied forces in Hungary, acquired pursuant to Article 10 of the Armistice, will be returned to the Hungarian Government within the same period of . . . . days. Hungary, however, undertakes to make available such supplies and facilities as may specifically be required for the maintenance of the lines of communication with the Soviet zone of occupation in Austria, for which due compensation will be made to the Hungarian Government."

14. *Admission of Hungary to the United Nations.*

The clause has been agreed to in principle; but the United Kingdom and United States Delegations prefer to include the substance of the first sentence of the following clause in the preamble; and the second sentence has not been agreed :—

"Upon the conclusion of the present Treaty the Allied and Associated Powers will support Hungary's candidature for membership of the United Nations Organisation. [Hungary will collaborate with the United Nations and will carry out the arrangements made by them for the maintenance of international peace.]"

15. *Ratification of the Peace Treaty.*

The following clause has been agreed :—

"The present Treaty, of which the Russian and English texts are both authentic, will be ratified by the Allied and Associated Powers. It shall also be ratified by Hungary. It will come into force immediately after its ratification by the Union of Soviet Socialist Republics, the United Kingdom and the United States of America. The Instruments of Ratification will in the shortest possible time be deposited with the Government of the U.S.S.R. Certified copies of the present Treaty will be sent by the Government of the U.S.S.R. to the Governments of the other Allied and Associated Powers.

"Done at ..... in ..... copies in Russian, English and Hungarian."

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224026

16. *Termination of State of War between Hungary and Roumania.*

The following has been agreed :—

" The state of war between Hungary and Roumania will terminate upon the entry into force both of the present Treaty and of the Treaty of Peace between the U.S.S.R., the United Kingdom, the United States of America, Australia, the Byelorussian S.S.R., Canada, Czechoslovakia, India, New Zealand, the Ukrainian S.S.R., the Union of South Africa of the one part and Roumania of the other part."

17. *Acceptance of Peace Treaties.*

The following has been agreed :—

" Hungary undertakes to recognise the full force of the Peace Treaties concluded with Italy, Bulgaria, Roumania and Finland, and of the agreements or arrangements which have been or will be reached by the Allied and Associated Powers in relation to Austria, Germany and Japan for the restoration of peace."

18. *Liquidation of certain International Organisations.*

The following clause has been agreed :—

" Hungary undertakes to accept any arrangements which may be agreed for the liquidation of the League of Nations and the Permanent Court of International Justice.

" Hungary also undertakes to accept any arrangements which may be agreed for the liquidation of the International Institute of Agriculture at Rome."

19. *Validity of Allied Acts in Hungary.*

This question, raised by the Soviet Delegation, has not been discussed.

20. No decision has been reached on the following subjects :—

Accession clause.
Frontier questions.
International Control of the Danube.
War Graves.
Position of Existing Treaties.
Financial and Economic Clauses.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

SECRET. C224027 Copy No. 66

P.M.M. (46) 27.

8th May, 1946.

MEETING OF PRIME MINISTERS.

DRAFT PEACE TREATY WITH BULGARIA.

NOTE BY THE SECRETARIES.

THERE is circulated herewith a memorandum on the draft Peace Treaty with Bulgaria prepared in the Foreign Office.

(Signed) NORMAN BROOK.
J. E. STEPHENSON.

Cabinet Office, S.W. 1,
8th May, 1946.

ANNEX.

DRAFT PEACE TREATY WITH BULGARIA.

MEMORANDUM PREPARED IN THE FOREIGN OFFICE.

Notes.

(1) The major questions on which difference has arisen between the Soviet Delegation, on the one side, and the United Kingdom and United States Delegations on the other, are summarised in the memorandum previously circulated by the Foreign Secretary (P.M.M. (46) 11). The following statement outlines the progress made by the Deputies of the Foreign Ministers in the preparation of the draft treaty. Square brackets denote that agreement has not been reached on the passage bracketed.

(2) The Bulgarian Government has not yet been recognised by the United Kingdom and United States Governments and it is not yet known whether recognition will be accorded to it early enough for a Peace Treaty to be concluded with Bulgaria in the same way and at the same time as the Treaties with Italy, Roumania, Hungary and Finland. Recognition is conditional on the Bulgarian Government being broadened along the lines laid down in the Moscow decisions. The United Kingdom Government have no intention of concluding a treaty with the present Government unless those decisions are implemented, but this in no way precludes discussions on the Peace Treaty or drafting of the clauses which will compose it.

Preamble.

" The Union of Soviet Socialist Republics, the United Kingdom, the United States of America, Australia, the Byelorussian Soviet Socialist Republic, Czechoslovakia, Greece, India, New Zealand, the Ukrainian Soviet Socialist Republic, the Union of South Africa, Yugoslavia, as the States which are at war with Bulgaria and actively waged war against the European enemy States with substantial military force, hereinafter called the Allied and Associated Powers, of the one part, and Bulgaria, of the other part;

" Whereas Bulgaria, having become an ally of Hitlerite Germany and participating on her side in the war against the Union of Soviet Socialist Republics, the United Kingdom, the United States of America and other United Nations, bears her share of responsibility for this war;

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

" Whereas, however, Bulgaria having ceased military operations against the United Nations, broke off relations with Germany, and, having concluded on the 28th October, 1944, an Armistice with the Governments of the Union of Soviet Socialist Republics, the United Kingdom and the United States of America, acting on behalf of all the United Nations at war with Bulgaria, took [an active] part in the war against Germany; and

" Whereas the Allied and Associated Powers and Bulgaria wish to settle questions still outstanding between them as a result of the events hereinbefore recited; [thereby enabling the Allied and Associated Powers to support Bulgaria's application to become a member of the United Nations and also to adhere to any convention concluded under the auspices of the United Nations, and forming the basis of friendly relations between them;]

" Now, therefore, have agreed to declare the cessation of the state of war and for this purpose to conclude the present Peace Treaty, and the Governments of the Allied and Associated Powers and of Bulgaria have appointed as their Plenipotentiaries (names of the Governments and of their Plenipotentiaries .....
.....) who, after presentation of their full powers, found in good and due form, have agreed on the following."

The above has been agreed, subject to later decision as to whether the second passage in brackets should be included in the preamble or set out as a separate clause (see paragraph 12 below).

1. *Limitation of Armaments.*

The following clause was accepted by the Deputies and referred to the Joint Committee of Naval, Military and Air experts for a report on the limitations to be imposed on the Bulgarian Government :—

" The maintenance of armaments for ground, sea, and air will be closely restricted to the necessities of—

(*a*) the maintenance of order in Bulgarian territory;
(*b*) defence of local frontiers;
(*c*) such military contingents, if any, in addition to the foregoing as may be required by the Security Council."

2. *Restoration of United Nations Property.*

The following clause of the Soviet draft treaty is still under discussion and has been referred to the Committee of Economic Experts :—

" Bulgaria undertakes to restore all rights and interests of the United Nations and their nationals in Bulgaria.

3. *Reparation.*

The Deputies decided to postpone consideration of this question until it could be discussed with the Governments of Yugoslavia and Greece.

4. *German Assets in Bulgaria.*

The following clause has been agreed in principle :—

" Bulgaria recognises that the Soviet Union is entitled to all German assets in Roumania transferred to the Soviet Union by the Control Council for Germany and undertakes to take all necessary measures for facilitating such transfers."

5. *Restitution.*

The following clause has been agreed in principle, subject to the inclusion of a time limit and to the rewording of the reference to United Nations other than the Soviet Union :—

" Bulgaria undertakes, in so far as she has not yet done so, to return to the Soviet Union, Yugoslavia, Greece and other United Nations in complete good order all valuables and materials removed during the war from their territories by Germany and Bulgaria and located on Bulgarian territory, and belonging to State, public and co-operative organisations, enterprises, institutions or individual citizens, such as : factory and works equipment, locomotives, rolling-stock, tractors, motor vehicles, historic monuments, museum treasures and any other property."

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

6. *Return of Allied Vessels.*

The Deputies agreed that provision would be made in the article governing the restoration of United Nations property.

7. *Human Rights.*

The following clause has been agreed :—

" The Bulgarian Government undertakes to take all measures necessary to secure to all persons under its jurisdiction, without distinction as to race, sex, language or religion, the enjoyment of human rights and of the fundamental freedoms including freedom of expression, press and publication, of religious worship, of political opinion and of public meeting."

8. *Dissolution of Fascist Organisations.*

A clause has been agreed as follows :—

" Bulgaria, which in accordance with the Armistice Agreement has taken measures for dissolving all organisations of a fascist type on Bulgarian territory, whether political, military or para-military, as well as other organisations conducting propaganda hostile to United Nations, undertakes not to permit in future the existence and activities of organisations [of that nature,] which have as their aim denial to the people of their democratic rights."

9. *Repeal of Discriminatory Legislation.*

A clause has been agreed as follows :—

" Bulgaria, which, in accordance with the Armistice Agreement, has taken measures to set free, irrespective of citizenship and nationality, all persons held in confinement on account of their activities in favour of the United Nations or because of their sympathies with the United Nations or because of their racial origin, and to repeal discriminatory legislation and restrictions imposed thereunder, undertakes to complete these measures and in future not to take any measures or enact any laws which would be incompatible with the objects and purposes mentioned in this Article."

10. *War Criminals.*

The following is the clause of the Soviet draft treaty, drawn up on the basis of the decision of the Council of Foreign Ministers of the 20th September, 1945, that Article 6 of the Armistice should be accepted as the basis for dealing with this question, as developed in the Soviet draft treaty :—

" Bulgaria undertakes to collaborate with the Allied and Associated Powers in the apprehension and trial of persons accused of war crimes."

This clause was considered by the Deputies, without prejudice to the question whether this provision should be covered in the Treaty or in a separate Protocol. The United States Delegation believes that the treaty should contain a more detailed statement of Bulgaria's obligation.

11. *Withdrawal of Allied Forces.*

The subject is under discussion.

12. *Admission of Bulgaria to the United Nations.*

The substance of the first sentence of the following clause has been agreed in principle. The United Kingdom and the United States Delegations would prefer that it should be covered in the Preamble. The second sentence has not been agreed :—

[" Upon the conclusion of the present Treaty the Allied and Associated Powers will support Bulgarian candidature for membership of the United Nations Organisation. Bulgaria will collaborate with the United Nations and will carry out the arrangements made by them for the maintenance of international peace."]

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224030

13. *Ratification of the Peace Treaties.*

The following clause has been agreed :—

"The present Treaty, of which the Russian and English texts are both authentic, will be ratified by the Allied and Associated Powers. It shall also be ratified by Bulgaria. It will come into force immediately after its ratification by the U.S.S.R., the United Kingdom, and the United States. The Instruments of Ratification will in the shortest possible time be deposited with the Government of the U.S.S.R. Certified copies of the present Treaty will be sent by the Government of the U.S.S.R. to the Governments of the other Allied and Associated Powers.

"Done at ..... in ..... copies in Russian, English and Bulgarian."

14. *Acceptance of the Peace Treaties.*

The following clause has been agreed :—

"Bulgaria undertakes to recognise the full force of the Peace Treaties concluded with Italy, Hungary, Roumania and Finland, and the agreements or arrangements which have been or will be reached by the Allied and Associated Powers in relation to Austria, Germany and Japan for the restoration of Peace."

15. *Liquidation of certain international organisations.*

The following clause has been agreed :—

"Bulgaria undertakes to accept any arrangements which may be agreed for the liquidation of the League of Nations and the Permanent Court of International Justice.

"Bulgaria also undertakes to accept any arrangements which may be agreed for the liquidation of the International Institute of Agriculture at Rome."

16. *Accession Clause.*

No decision has been reached.

17. *Frontiers of Bulgaria.*

No decision has been reached on this question, and Greek territorial claims have not yet been discussed.

18. *Resumption of Diplomatic and Consular Relations.*

The Deputies agreed to recommend that no provision on this subject should be made in the Treaty.

19. *International Control of the Danube.*

No decision has been reached.

20. *War Graves.*

No decision has been reached.

21. *Position of Existing Treaties.*

No decision has been reached.

22. *Economic and Financial Clauses.*

No decision has been reached.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

COLLATERAL : BRITISH COMMONWEALTH RELATIONS : PRIME MINISTERS' CONFERENCE 1946
PMC/X
NAR/SR
9.5.46

C224031

As Honourable Members are aware, a series of consultations between the Prime Ministers of the Commonwealth countries began in London some weeks ago with the visit of Prime Minister Chifley of Australia and the representative of the Prime Minister of New Zealand, Mr. Nash, the Minister of Finance of that country. They were joined a few days ago by Field Marshal Smuts, Prime Minister of South Africa, who managed to arrive in London shortly before Mr. Chifley had to depart for Australia.

I should wish to say at this point that it had been our hope that Mr. Chifley would be able to pay a visit to Canada, as the guest of the Canadian Government, on his way to or from London. I understand, however, that his very strenuous timetable and the need for his returning as promptly as possible to Australia will deny us this pleasure on this occasion.

I may say that I cordially welcomed Prime Minister Attlee's original suggestion that there should be a meeting of the Prime Ministers of the Commonwealth countries this year, and shared his regrets that the exigencies of our several timetables made such a meeting impracticable. Instead of a meeting at which all could be present at one time, we have agreed that there should be a series of consultations between

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224032

the Commonwealth Prime Ministers and their representatives. It has been made very clear that these meetings in London in no sense constitute an Imperial Conference. They should, however, provide a very useful opportunity for the informal exchange of views on a number of questions of mutual concern. During the visit of the Australian and New Zealand representatives there was naturally, as has been reported in the press, some discussion of future arrangements in the Southwest Pacific. With the arrival of Field Marshal Smuts and the coincidental meeting of the Council of Foreign Ministers in Paris, there was some discussion of aspects of the Italian peace settlement. These and other questions will doubtless come up for some consideration during the conversations which will take place while I am in London.

In this connection, I might perhaps read what Field Marshal Smuts said to the South African Parliament shortly before his departure for the Prime Minister's meetings:

> "There is no formal agenda. I have not been advised that there is a formal agenda. I have mentioned the principal points for discussion, and others may arise as affairs develop. I have given the assurance to the House, and I give it again to this Committee, that as far as I am concerned no commitments, no undertakings, will be entered into that will bind us. If anything occurs affecting us it will be submitted to this Parliament for approval."

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224033

It has been my hope,and I have not yet abandoned it, that it would be possible to combine, in one absence from Canada, participation in the Prime Ministers' talks in London and attendance at the representative of Canada at a conference for the conclusion of treaties of peace with Italy and the other unfortunate countries whose governments threw in their lot with the Axis powers. The international timetable is, however, as the House knows, extremely uncertain and I am not in a position to add anything to the speculation, of which the press is full, about the prospects of a conference in Paris next month.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Pmc/X

NAR/SR
9.5.46

C224034

As Honourable Members are aware, a series of consultations between the Prime Ministers of the Commonwealth countries began in London some weeks ago with the visit of Prime Minister Chifley of Australia and the representative of the Prime Minister of New Zealand, Mr. Nash, the Minister of Finance of that country. They were joined a few days ago by Field Marshal Smuts, Prime Minister of South Africa, who managed to arrive in London shortly before Mr. Chifley had to depart for Australia.

I should wish to say at this point that it had been our hope that Mr. Chifley would be able to pay a visit to Canada, as the guest of the Canadian Government, on his way to or from London. I understand, however, that his very strenuous timetable and the need for his returning as promptly as possible to Australia will deny us this pleasure on this occasion.

I may say that I cordially welcomed Prime Minister Attlee's original suggestion that there should be a meeting of the Prime Ministers of the Commonwealth countries this year, and shared his regrets that the exigencies of our several timetables made such a meeting impracticable. Instead of a meeting at which all could be present at one time, we have agreed that there should be a series of consultations between

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224035

the Commonwealth Prime Ministers and their representatives. It has been made very clear that these meetings in London in no sense constitute an Imperial Conference. They should, however, provide a very useful opportunity for the informal exchange of views on a number of questions of mutual concern. During the visit of the Australian and New Zealand representatives there was naturally, as has been reported in the press, some discussion of future arrangements in the Southwest Pacific. With the arrival of Field Marshal Smuts and the coincidental meeting of the Council of Foreign Ministers in Paris, there was some discussion of aspects of the Italian peace settlement. These and other questions will doubtless come up for some consideration during the conversations which will take place while I am in London.

In this connection, I might perhaps read what Field Marshal Smuts said to the South African Parliament shortly before his departure for the Prime Minister's meetings:

> "There is no formal agenda. I have not been advised that there is a formal agenda. I have mentioned the principal points for discussion, and others may arise as affairs develop. I have given the assurance to the House, and I give it again to this Committee, that as far as I am concerned no commitments, no undertakings, will be entered into that will bind us. If anything occurs affecting us it will be submitted to this Parliament for approval."

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224036

It has been my hope,and I have not yet abandoned it, that it would be possible to combine, in one absence from Canada, participation in the Prime Ministers' talks in London and attendance as the representative of Canada at a conference for the conclusion of treaties of peace with Italy and the other unfortunate countries whose governments threw in their lot with the Axis powers. The international timetable is, however, as the House knows, extremely uncertain and I am not in a position to add anything to the speculation of which the press is full about the prospects of a conference in Paris next month.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224037

D R A F T (JAG) 14/v/46

1) Southampton (Radio broadcast)

I am glad to have the opportunity to visit Britain again and to share with Mr. Attlee, Field Marshal Smuts, Mr. Nash and Dr. Evatt in the informal discussion of a variety of matters of common interest and concern to our several countries.

In the year which has elapsed since the end of hostilities in Europe, we in Canada have had to grapple with many problems which relate to the physical well-being and prosperity of large areas of the world. We have, for example, been able to provide, out of our abundance, large quantities of foodstuffs towards the world's great need. Through UNRRA, and through the Food and Agriculture Organization of the United Nations, we are seeking constantly to help to alleviate and remove conditions of distress and suffering. To assist now war-ravaged countries to rebuilding their industrial and commercial life, we have extended credits under legislation passed by the Parliament of Canada. Very recently, our Parliament has approved a loan to Britain of one and a quarter billion dollars.

Beyond all our concern for physical well-being lies the greater concern for the peace and security of the world in which we are a part. Our discussions in London will deal with several aspects of the peace settlement which we all hope may be brought about on the fairest and at the same time the most secure basis. To these and all other efforts for prosperity and peace throughout the world we are determined to devote our best efforts.

CANADIAN DELEGATION DÉLÉGATION DU CANADA

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D R A F T 2) Southampton (Peace Statement) (JAG) C224023 14/V/46

This is my second visit to Britain within seven months, and the fourth I have been able to make in the past five years. On the first two visits, I saw Britain at war - war for the preservation of the world's freedom, and war waged so that the rule of law might replace the menacing spectre of tyranny and brutal force. On my last previous visit, as on this present visit I saw, and will hope again to see, something of the work of rebuilding after nearly six years of war - a work which has continued with increasing speed.

Within the circle of the nations of the British Commonwealth it has always been of marked advantage to hold, from time to time, informal consultations on matters of common interest and concern. I am therefore pleased to have this present opportunity of conferring with Mr, Attlee, Field Marshal Smuts, Mr. Nash and Dr. Evatt, not only on matters arising from the peace settlement, but upon questions relating to the general organization of peace and world security, in which all the nations of the Commonwealth have an important part to play.

CANADIAN DELEGATION DÉLÉGATION DU CANADA

—

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224039

JWP/JG
16 May, 1945

THE PRIME MINISTER

Notes for Press Interviews, etc.,
Southampton, Sunday, May 19, 1946

Topics

Timing of Visit

Purpose of Visit

Restoration of Britain and Europe

World Security and Peace

TIMING OF VISIT

Original Plan - simultaneous consultation of all Commonwealth Prime Ministers

Why not possible - first duty of each Prime Minister to his own country and Parliament;
- not possible to synchronize absences
- Mr. CHIFLEY could not remain through May;
- Mr. FRASER unable to come at all.

Situation in Canada

Parliamentary program and conferences with ~~MK~~ nine provincial governments made early visit out of question.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224041

PURPOSE OF VISIT

NOT a FORMAL Conference

Informal consultations with fellow Prime Ministers in case of United Kingdom and South Africa; and with Prime Ministers' representatives ~~xxx~~ in case of Australia and New Zealand;

Consultations, ~~g~~general in character
exchange of views
NO attempt to determine or concert policy;

Hope had been to combine
consultations in London and
attendance at Peace Conference in Paris
in one visit -
may not now be possible.

Stress again urgency of duties of a Prime Minister at home.

—

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

RESTORATION OF BRITAIN AND EUROPE C224042

Canadian people eager to help in restoration of Britain and Europe

Principal Canadian contributions :

1. Food
2. Credits. ~/ Loan

CANADA - greatest single outside source of Britain's food;
steady support of work of UNRRA
in past year have extended two billion dollars
(between 400 and 500 million pounds)
in credits to Britain and other allied countries.

For Canada - restoration of Britain
and Western Europe
and revival of markets

essential to our prosperity

recognition of interdependence

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224043

WORLD SECURITY AND PEACE

War experience has removed all doubts in Canada that
national security depends on world security

Food, relief, restoration
all but stages in building of confidence between
nations

Canada solidly behind the United Nations
as a valuable instrument for security

But the real key to security is
confidence and good faith -
spirit of mutual trust
and mutual aid

Consultations in London with Mr. Attlee
F.M. Smuts
Dr. Evatt and
Mr. Nash

not exclusive in spirit;
underlying spirit of true Commonwealth
co-operation is service of all mankind.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

C224044

SECRET. Copy No. 58

P.M.M. (46) 28.

17*th May*, 1946.

MEETING OF PRIME MINISTERS.

NATIONALITY OF MARRIED WOMEN.

MEMORANDUM BY THE SOUTH AFRICAN DELEGATION.

THE existing nationality laws of the various members of the British Commonwealth of Nations uphold the principle that the wife of a British subject is deemed to be a British subject and the wife of an alien, an alien.

In consequence of the Hague Nationality Convention of 1930, the United Kingdom and Canada have imported into their nationality legislation certain exceptions to the above principle. These exceptions are :—

1. That a woman possessing British nationality who marries an alien but does not thereby acquire his nationality (*i.e.*, who would have become stateless under the existing law) retains her British nationality;
2. That a woman, who having married a British subject is liable to become stateless on his acquiring another nationality, retains her British nationality; and
3. That where a certificate of naturalisation is granted to an alien, his wife, if not already a British subject, shall not be deemed to be a British subject unless, within a period of twelve months from the date of the certificate, she makes a declaration that she desires to acquire British nationality.

Forceful representations have been made to the Union Government that the principle of the equality of the sexes in matters of nationality should be recognised by legislation and that the nationality of the wife should not be affected without her consent either by the mere fact of marriage or by any change in the nationality of her husband.

The Union Government are inclined to give favourable consideration to these representations to the extent that they agree with the view that a woman possessing British nationality who marries an alien should retain her British nationality after marriage unless she explicitly declares that she desires to acquire the nationality of her husband and that, similarly, she should retain her British nationality if her husband, being a British subject, subsequently becomes an alien.

The Union Government would welcome the views of the other members of the British Commonwealth on this question.

Cabinet Office, S.W. 1,
17*th May*, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

SECRET.

C224045

Copy No. 58

P.M.M. (46) 30.

20*th May*, 1946.

MEETING OF PRIME MINISTERS.

NATIONALITY OF MARRIED WOMEN.

MEMORANDUM BY THE HOME SECRETARY AND SECRETARY OF STATE FOR DOMINION AFFAIRS.

1. The Union Delegation in the paper circulated (P.M.M. (46) 28) ask for the views of the other members of the British Commonwealth on two questions —first, whether "a woman possessing British nationality who marries an alien should retain her British nationality after marriage unless she explicitly declares that she desires to acquire the nationality of her husband"; and, secondly, whether "she should retain her British nationality if her husband, being a British subject, subsequently becomes an alien."

2. As regards the second question, the position is that provision has already been made in the laws of the United Kingdom and of the Dominions, other than the Union of South Africa, giving effect to Article 10 of The Hague Convention of 1930, which provided that "naturalisation of the husband during marriage shall not involve a change in the nationality of the wife except with her consent." The United Kingdom Act of 1933 provides (*a*) that when a husband ceases to be a British subject the wife may nevertheless retain her British nationality by making a declaration that she desires to do so, and (*b*) that, when an alien is naturalised as a British subject, his wife does not acquire British nationality unless she makes a declaration of her desire to do so.

3. As regards the question whether a woman possessing British nationality who marries an alien should retain her British nationality after marriage unless she makes some explicit declaration of a desire to renounce it, the laws of the United Kingdom and of the Dominions other than the Union of South Africa already provide for the retention by the woman of her British nationality in a number of cases—*i.e.*, in all those cases where the marriage does not under the laws of the husband's country confer his nationality on the wife.

4. If, however, under the laws of the husband's country the woman acquires his nationality by reason of marriage, she ceases to be a British subject under the laws of the countries of the British Commonwealth; but under the laws of Australia and New Zealand, while she ceases to be a British subject, provision is made that she shall have all the rights and obligations of a British subject within those territories on making a declaration that she desires to retain them. Moreover, the Australian Government have introduced a Bill to provide that a British woman resident in Australia shall on marriage to a foreigner (without the need of any declaration) retain her British nationality under Australian law irrespective of whether she acquires her husband's nationality under the laws of his country. The extra-territorial effect of this outside Australia is not entirely clear.

5. As pointed out in the paper of the Union Delegation, the general principle hitherto has been that the wife of a British subject is deemed to be a British subject and the wife of an alien is deemed to be an alien, and exceptions to this general principle have been made for special reasons only. The abandonment of this general principle in favour of the principle that marriage should not by itself and apart from some action on the part of the woman affect her national status would necessitate consideration of the position not only of British women who marry foreigners but also of foreign women who marry British men.

[31856]

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224046

6. The view generally taken by the advocates of the principle of equality of the sexes in matters of nationality is that the marriage of a British woman to a foreigner should not automatically entail the loss of the woman's British nationality, and that similarly the marriage of an alien woman to a British subject should not automatically entail the acquisition of British nationality by the wife.

7. Consideration of such a change in the nationality law involves the question whether a foreign woman on marriage to a British man should have the right immediately to opt for British nationality, or whether the conferment of British nationality on the wife should be dependent on certain conditions as to residence or other matters. The question would also arise what is to be the nationality of children born outside His Majesty's Dominions to a father who is British and a mother who is an alien, or to a mother who is British and a father who is alien.

8. In any consideration of amendments to the nationality law account must be taken of the situation recently created by the Canadian Citizenship Bill, which proposes a fundamental alteration, so far as Canada is concerned, of the existing system by which the common status of a British subject is maintained throughout the British Commonwealth. Hitherto this common status has rested on the principle that there shall be a common code for the purpose of determining who are British subjects and that substantial amendments of this code are matters for agreement between the self-governing parts of the Commonwealth.

9. The Canadian Bill imparts a new principle of (*a*) determining in the first instance who are Canadian citizens and (*b*) providing that every Canadian citizen is a British subject and that persons who are British subjects under the laws of other parts of the Commonwealth will, though not Canadian citizens, be recognised in Canada as British subjects.

10. In view of the far-reaching changes which the Canadian Bill involves, it is necessary to consider whether similar changes should be made in the laws of the other self-governing parts of the Commonwealth, or what other action can be taken to preserve the common status; and at the request of the United Kingdom Government each of the Dominion Governments has agreed that this question shall be examined by a conference of experts which is to be held in the late summer.

11. Any future amendments of the law relating to the nationality of married women may be, to some extent, dependent on any decision which may be reached after the proposed conference of experts as to the general system on which the nationality laws of the self-governing parts of the Commonwealth are to be based in the future. It may, therefore, be found desirable, after there has been an exchange of views at the present meeting, to instruct the experts who will attend the forthcoming conference to study not only the issues raised by the Canadian Bill but also the detailed questions which would be involved if the equality principle were generally accepted by countries of the Commonwealth as the basis of the provisions relating to the nationality of married women.

J. C. E.
A.

Cabinet Office, S.W. 1,
20*th May*, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PMC 46

NAR/SR
20.5.46

C224047

MEMORANDUM FOR THE PRIME MINISTER

Br. Commonwealth Relations - Prime Ministers' Conference, 1946 ✓

If you think well of the suggestion that you should raise the question of the absence of the Irish from this series of consultations between Commonwealth Prime Ministers, it would be worth mentioning the question to Lord Addison in a preliminary way today.

You will recall that, when he took office as Dominions Secretary, he circulated a personal memorandum outlining his hopes for bringing the Irish back into Commonwealth councils as opportunity offered. I thought it was a sensible and helpful note, and that it forecast some invitation to De Valera to take part in such talks as have now been arranged. I have not, however, seen any evidence that the new policy in this direction which the Labour Government laid down has been followed up.

If you decide to refer to the question of Irish participation, it would be advisable to make it clear from the beginning that you were not expecting them to be invited to take part in discussions relating to the settlement of the war, in which they were neutral. Clearly, they have no contribution to make to the discussion of terms of the Italian peace treaty or of policy toward Germany. When other questions of general Commonwealth interest are to be discussed they should, I think, be invited to be represented.

N. A. Robertson

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

C224048

The circulation of this paper has been strictly limited. It is issued for the personal use of ..... Mr. Mackenzie King .....

TOP SECRET. Copy No. 58

P.M.M. (46) 15th Meeting.

MEETING OF PRIME MINISTERS.

MINUTES of the Fifteenth Meeting held at No. 10 Downing Street, S.W. 1, on Monday, 20th May, 1946, at 3·45 p.m.

Present:

The Right Hon. C. R. ATTLEE, M.P., Prime Minister of the United Kingdom (*in the Chair*).

United Kingdom.

The Right Hon. ERNEST BEVIN, M.P., Secretary of State for Foreign Affairs.
The Right Hon. VISCOUNT ADDISON, Secretary of State for Dominion Affairs.
The Right Hon. G. H. HALL, M.P., Secretary of State for the Colonies.
Mr. ARTHUR HENDERSON, K.C., M.P., Parliamentary Under-Secretary of State for India.
Sir ERIC MACHTIG, Permanent Under-Secretary of State for Dominion Affairs.
VISCOUNT HOOD, Foreign Office.

Canada.

The Right Hon. W. L. MACKENZIE KING, Prime Minister of Canada.
Mr. N. A. ROBERTSON, Under-Secretary for External Affairs.
The Right Hon. VINCENT MASSEY, High Commissioner for Canada.
Mr. J. W. PICKERSGILL, Private Secretary to Prime Minister.
Mr. J. W. HOLMES, Office of the High Commissioner for Canada.

Australia.

The Right Hon. H. V. EVATT, Minister of External Affairs.
The Right Hon. J. A. BEASLEY, High Commissioner for Australia.
Mr. J. D. L. HOOD, External Affairs Liaison Officer in London.
Dr. J. W. BURTON, Department of External Affairs.

New Zealand.

The Right Hon. W. NASH, Deputy Prime Minister of New Zealand.
Mr. F. SHANAHAN, Secretary of Cabinet.
Mr. F. H. CORNER, Department of External Affairs.

South Africa.

Field-Marshal The Right Hon. J. C. SMUTS, Prime Minister of South Africa.
Mr. G. HEATON NICHOLLS, High Commissioner for South Africa.
Mr. D. D. FORSYTH, Secretary for External Affairs.
Mr. R. JONES, Office of the High Commissioner for South Africa.

Secretariat.

Sir NORMAN BROOK.
Sir JOHN STEPHENSON.
Mr. C. G. EASTWOOD.
The Hon. F. E. CUMMING-BRUCE.

[31898—1]

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224049

CONTENTS.

1. Mr. Mackenzie King.
2. Provisional Agenda for Subsequent Discussions.
3. Council of Foreign Ministers: Draft Peace Treaties with Italy and Balkan Countries.

Mr. Mackenzie King.

1. MR. ATTLEE welcomed Mr. Mackenzie King who had arrived in London on the previous day. He was very glad that he had found it possible to join the discussions.

MR. MACKENZIE KING said that he was sorry he had not been able to take part in the earlier discussions owing to the pressure of his engagements in Canada.

Provisional Agenda for Subsequent Discussions.

2. LORD ADDISON outlined to the meeting the agenda provisionally arranged for further meetings during the week. The arrangements, which were satisfactory to Dominion Ministers, were subsequently circulated as P.M.M. (A) (46) 10.

Council of Foreign Ministers: Draft Peace Treaties with Italy and Balkan Countries.

3. MR. BEVIN gave Dominion Ministers an account of the proceedings at the Council of Foreign Ministers in Paris, and a discussion followed. The proceedings are recorded in a Confidential Record.

At the end of the discussion MR. ATTLEE suggested that it would be well that any statement issued to the press should be limited to the fact that a review of the situation had taken place.

MR. BEVIN indicated that this would be helpful from his point of view.

MR. MACKENZIE KING said that it was just as important from his point of view that too much information should not be given to the press. Press cables which had been sent to Canada and the United States after some of the earlier meetings had given rise to false impressions.

It was agreed that officials should consult together as to the terms of the statement to be issued.

Cabinet Office, S.W. 1,
20*th May*, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

C224050

The circulation of this paper has been strictly limited. It is issued for the personal use of Official Secretary, Canadian Delegation.

TOP SECRET. Copy No. **60**

P.M.M. (46) 15th Meeting.

MEETING OF PRIME MINISTERS.

MINUTES of the Fifteenth Meeting held at No. 10 *Downing Street, S.W.* 1, *on Monday,* 20*th May,* 1946, *at* 3·45 *p.m.*

Present:

The Right Hon. C. R. ATTLEE, M.P., Prime Minister of the United Kingdom (*in the Chair*).

United Kingdom.

The Right Hon. ERNEST BEVIN, M.P., Secretary of State for Foreign Affairs.
The Right Hon. VISCOUNT ADDISON, Secretary of State for Dominion Affairs.
The Right Hon. G. H. HALL, M.P., Secretary of State for the Colonies.
Mr. ARTHUR HENDERSON, K.C., M.P., Parliamentary Under-Secretary of State for India.
Sir ERIC MACHTIG, Permanent Under-Secretary of State for Dominion Affairs.
VISCOUNT HOOD, Foreign Office.

Canada.

The Right Hon. W. L. MACKENZIE KING, Prime Minister of Canada.
Mr. N. A. ROBERTSON, Under-Secretary for External Affairs.
The Right Hon. VINCENT MASSEY, High Commissioner for Canada.
Mr. J. W. PICKERSGILL, Private Secretary to Prime Minister.
Mr. J. W. HOLMES, Office of the High Commissioner for Canada.

Australia.

The Right Hon. H. V. EVATT, Minister of External Affairs.
The Right Hon. J. A. BEASLEY, High Commissioner for Australia.
Mr. J. D. L. HOOD, External Affairs Liaison Officer in London.
Dr. J. W. BURTON, Department of External Affairs.

New Zealand.

The Right Hon. W. NASH, Deputy Prime Minister of New Zealand.
Mr. F. SHANAHAN, Secretary of Cabinet.
Mr. F. H. CORNER, Department of External Affairs.

South Africa.

Field-Marshal The Right Hon. J. C. SMUTS, Prime Minister of South Africa.
Mr. G. HEATON NICHOLLS, High Commissioner for South Africa.
Mr. D. D. FORSYTH, Secretary for External Affairs.
Mr. R. JONES, Office of the High Commissioner for South Africa.

Secretariat.

Sir NORMAN BROOK.
Sir JOHN STEPHENSON.
Mr. C. G. EASTWOOD.
The Hon. F. E. CUMMING-BRUCE.

[31898—1]

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224051

CONTENTS.

1. Mr. Mackenzie King.
2. Provisional Agenda for Subsequent Discussions.
3. Council of Foreign Ministers: Draft Peace Treaties with Italy and Balkan Countries.

Mr. Mackenzie King.

1. MR. ATTLEE welcomed Mr. Mackenzie King who had arrived in London on the previous day. He was very glad that he had found it possible to join the discussions.

MR. MACKENZIE KING said that he was sorry he had not been able to take part in the earlier discussions owing to the pressure of his engagements in Canada.

Provisional Agenda for Subsequent Discussions.

2. LORD ADDISON outlined to the meeting the agenda provisionally arranged for further meetings during the week. The arrangements, which were satisfactory to Dominion Ministers, were subsequently circulated as P.M.M. (A) (46) 10.

Council of Foreign Ministers: Draft Peace Treaties with Italy and Balkan Countries.

3. MR. BEVIN gave Dominion Ministers an account of the proceedings at the Council of Foreign Ministers in Paris, and a discussion followed. The proceedings are recorded in a Confidential Record.

At the end of the discussion MR. ATTLEE suggested that it would be well that any statement issued to the press should be limited to the fact that a review of the situation had taken place.

MR. BEVIN indicated that this would be helpful from his point of view.

MR. MACKENZIE KING said that it was just as important from his point of view that too much information should not be given to the press. Press cables which had been sent to Canada and the United States after some of the earlier meetings had given rise to false impressions.

It was agreed that officials should consult together as to the terms of the statement to be issued.

Cabinet Office, S.W. 1,
20*th May*, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

C224052

The circulation of this paper has been strictly limited. It is issued for the personal use of W. Mackenzie King

TOP SECRET. Copy No. 20

P.M.M. (46) 15th Meeting.

MEETING OF PRIME MINISTERS.

CONFIDENTIAL ANNEX: MINUTE 3.

(20th May, 1946—3·45 p.m.)

Council of Foreign Ministers: Draft Peace Treaties with Italy and Balkan Countries.

MR. BEVIN gave Dominion Ministers a review of the discussions at the Council of Foreign Ministers regarding the draft Peace Treaties with Italy and the Balkan States. The Council had also given preliminary examination to German questions (a subject on which he would give Dominion Ministers a report on the following day), the question of a Treaty with Austria, the Bulgarian-Greek frontier and Northern Epirus.

Mr. Bevin recalled that at earlier meetings Dominion Ministers had emphasized the importance of the Peace Conference being summoned without further delay. These views had been communicated to him. He himself shared these views. Before, however, he had had any opportunity of taking action on the point, Mr. Byrnes had himself opened the subject in the Council. M. Molotov had refused to agree that the Peace Conference should be held until there had been agreement at the Council of Foreign Ministers on "all fundamental issues." It seemed that he regarded as "fundamental issues" the future of Trieste, the Italian Colonies and Italian reparations, but not the future of the Dodecanese. Mr. Bevin himself had proposed that the Foreign Ministers should do their best to reach agreement among themselves, but should then refer outstanding points, as well as the uncompleted draft Treaties, to the Peace Conference. The Russians, however, would not agree to this. Despite many attempts to find a formula that would meet their wishes, no decision had been reached, and the subject stood adjourned until the Council met again on the 15th June.

Mr. Bevin said that in general more had been accomplished on drafting the five Peace Treaties than had perhaps been apparent. The military clauses of four of the five Treaties had been practically completed. Even on the Italian Colonies and reparations the various points of view had, he thought, been brought somewhat nearer agreement. The general political clauses of the Treaties, including most of the provisions regarding frontiers and the human rights clauses had been settled. The economic clauses, however, were still outstanding.

The two critical points in the Italian Treaty were the future of Trieste and the Italian Colonies. As regards Trieste, each of the four countries represented at the Conference had proposed a boundary line. The line proposed by the Russians would award to Yugoslavia the whole of the Yugoslav claims, leaving about 600,000 Italians in Yugoslavia and no Yugoslavs in Italy. The French line approximated more closely to the ethnic line. The British line awarded a larger area to Italy, including Pola, and in effect left the minimum number of persons under alien rule. The American line differed from the British in leaving to Italy certain economic resources, including the Arsa coal mines, as

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

a result of which more Yugoslavs would be left under Italian rule. After considerable discussion the United Kingdom and United States had been ready to accept the French line, but the Russians had insisted upon their line and the other Powers could not agree to that. The matter had then been referred to the Deputies.

Mr. Bevin recalled that it had been generally agreed in September that the port of Trieste should be internationalised but no progress could be made with this until agreement had been reached about the sovereignty of the city of Trieste. It was possible that, when the Council resumed its activities, the French would propose that the whole of the strip between the French and the Russian lines should be internationalised.

As regards the Italian Colonies, the United States had proposed in September that they should all be placed under collective trusteeship. Faced also with the Soviet demand for trusteeship over Tripolitania, the United Kingdom Government had then thought that the balance of advantage lay in supporting the United States proposal. At the recent meeting, when the United States had shown signs of weakening in their view, Mr. Bevin had proposed that Libya should be given virtually complete independence and that the problems of Eritrea and Italian Somaliland should be examined more closely by commissions. Subsequently, M. Molotov had withdrawn his claims for trusteeship and had supported a proposal originally made by the French that the Italian Colonies should be restored to Italy under United Nations trusteeship. Mr. Bevin had not been able to accept this proposal on account of the pledges given to the Senussi tribes of Cyrenaica. He had, therefore, insisted that, whatever might happen to Tripolitania, Cyrenaica must not be returned to Italy and had suggested that it be placed under United Kingdom trusteeship.

Mr. Byrnes had subsequently proposed that all Italian Colonies should be placed under the trusteeship of the four Powers until their future could be determined, and that, if after a certain period no decision had been reached, they should be handed over to the United Nations Organisation. At this point, the matter had been referred to the Deputies.

Mr. Bevin commented that M. Molotov's withdrawal of the Soviet demand for Tripolitania had, he thought, been prompted by the hope that he would thereby secure a settlement of the Trieste question. Mr. Bevin had not been able to agree to a bargain which would in effect have involved injustice to several hundred thousand Senussi as well as injustice to several hundred thousand Italians.

It had been evident to him that the Russians attached primary importance to the settlement of Trieste and Venezia Giulia. If the area were to be given to the Yugoslavs it would, in effect, become part of the Russian *bloc*. It would enable her to draw closer the " iron curtain " across Eastern Europe. The question was thus closely related to the draft Treaties with the Balkan satellite States. There was no doubt that Russia was most reluctant to draw back the " iron curtain." For instance, Mr. Bevin had been endeavouring to establish the principle of freedom of navigation on the Danube; and Mr. Byrnes had pressed his plan for an international waterway; but the Russians had been unwilling to agree to either proposal. Again, in the matter of withdrawal of troops the Russians had attempted to go back on a decision made by the Council in September that all Allied forces should be withdrawn from Bulgaria. They had endeavoured to bargain this withdrawal against the withdrawal of British troops from Italy.

The question of withdrawal of troops was in turn bound up with the future of Austria, as the main justification alleged for the retention of troops in the Balkans was that they were on the Russian lines of communication with Austria. An attempt had been made in Paris to discuss a draft Treaty with Austria but the Russians had been unwilling to agree to its being placed on the agenda.

These had been the main points on which difficulty had arisen at Paris. A great many other questions had been discussed and Mr. Bevin made the following report on certain of these :—

(a) *The Dodecanese.*

The Soviet Delegation had agreed in principle that these islands should be ceded to Greece, but they had made this conditional on agreement on other territorial questions. M. Stalin had informed Mr. Bevin when he had been in Moscow that Russia had no particular interest in the Dodecanese, and M. Molotov had said much the same. Nevertheless, Mr. Bevin could not be certain that some Soviet claim would not be put forward.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224054

(b) *Austro-Italian Frontier.*

The Council had rejected the Austrian claim to the whole of the province of Bolzano. The Austrian Government had then claimed the area of Brunico which would afford lateral communication between the Austrian provinces of the North and East Tyrol. The Deputies would hear the Austrian and Italian case on this claim before the Council reassembled in June.

(c) *Franco-Italian Frontier.*

The Council had agreed that three of the four changes of frontier requested by the French might be accepted. The fourth area had been visited by a Commission. There seemed little doubt that, whatever the future sovereignty over the area, arrangements should be made to ensure that Italy was not deprived of the water-power in it. This matter, too, was to be considered by the Deputies and he hoped that a satisfactory settlement would be reached.

(d) *Zara, the Dalmatian Islands and Pelagosa.*

It had been agreed that these places should be ceded to Yugoslavia. Pelagosa was to be demilitarised.

(e) *Italian Fleet.*

The Council reached agreement on the size by categories of the future Italian fleet. Discussion was still proceeding on the units to be left to Italy and the allocation of the surplus. The principle outstanding issues were the allocation of the two 15-inch battleships and the French demand that their claim to certain specific units should be recognised *in toto*. There were good prospects of agreement on this question.

(f) *Existing Bi-lateral Treaties.*

Mr. Bevin had sought to include in all the Treaties a provision that each Allied and Associated Power should be able to notify the ex-enemy State of the pre-war bi-lateral Treaties which it desired to keep in force. He thought that this provision would preserve the rights of small States and prevent the ex-enemy State from renouncing Treaties essential to international intercourse. M. Molotov had been willing to accept this proposal on condition that it was open to any member of the Council to veto the maintenance in force of any one of these Treaties. No agreement had therefore been reached.

Mr. Bevin said that if Dominion Ministers so desired he could give further information on the details of the Council's discussions. He repeated in conclusion that he was sorry that it had not been possible to agree upon a date for the holding of the Peace Conference.

MR. MACKENZIE KING thanked Mr. Bevin for his interesting review. He appreciated the difficulties which he had encountered in the negotiations. He asked whether Mr. Bevin thought that the date for the Peace Conference would be fixed when the Council met on 15th June.

MR. BEVIN thought that this turned largely on the question whether a solution could then be found for the problem of Trieste. He did not believe that the Russians had the same interest in the Italian Colonies or any other of the points at issue. Once it was agreed that the Conference should be held at all, it could take place within a month.

FIELD-MARSHAL SMUTS said that he had been much impressed, in following the messages from Paris, by Mr. Bevin's argument that Trieste was the "mouth" of Central Europe and had been the natural port of Austria, Yugoslavia and neighbouring countries. This being so, was it right to insist on the area being returned to Italy? What, he asked, would be the Russian reaction to a suggestion of internationalising the port and city of Trieste?

MR. BEVIN said that he personally was in sympathy with the idea but did not wish to raise it himself because Russia would regard it as the first sign of a weakening in his position. If, however, the French proposed it and he saw signs that the Russians might agree to it, he would certainly not reject it himself.

FIELD-MARSHAL SMUTS said that the tactics of the negotiations must, of course, be Mr. Bevin's concern. The primary interest of the Empire, in his view, was to ensure that Russia renounced all demands which would give her

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

a position across the Empire's lines of communication through the Mediterranean. It would be worth paying some price for that. If in effect Trieste was the only major issue which prevented a general peace settlement with Italy and the Balkan States, might not some compromise be worked out in discussion with the United States and France which would be acceptable to the Russians?

MR. BEVIN said that he saw the strength of this argument. He thought, however, that it would be wisest to keep our own counsel until the French and Italian elections on 2nd June were over.

DR. EVATT said that he fully recognised the difficulties of the present position, many of which were legacies from arrangements which had to be made to win the war. He wished to state again the point of view of the Australian Government on certain matters.

Comparisons might be drawn with the experience of 1919 on two aspects of the settlement. In the first place, President Wilson had been criticised because the Peace Treaty and the provisions for a new international organisation had both been embodied in the same document. This criticism had been avoided on the present occasion by the establishment of the United Nations before the peace settlement; but, owing to the delay in reaching a peace settlement, there was a danger that many contentious questions would be brought before the Security Council. This would cause many critical situations. Secondly, in 1919 all active belligerents had been invited to participate in the making of peace. On this occasion only four Powers had so far taken part in the preparation of the Treaties. This was more than a matter of procedure; it was also a matter of principle. It was plain, moreover, that the proceedings of the Council of Foreign Ministers constituted an effort to reach agreement by a process of bargaining on the substance of the Treaties, and not only on matters of drafting. This posed a dilemma. On the one hand, if the four Powers had already established their inability to agree among themselves, this would reduce the power of a full Conference to secure agreement. If, on the other hand, the four Powers reached agreement, would not the other active belligerents be thus faced with a *fait accompli* and be expected to refrain from upsetting bargains and compromises? Admittedly, Dominion Governments were fortunate in having the opportunity to consult with the United Kingdom Government on the issues at stake; but other countries had no such opportunity; and it was ironic that defeated Italy should have had an opportunity to state its views before countries who had contributed to victory. Equally, it seemed unjust that France who had taken no part in the war against Italy should be brought into conference at the Council of Foreign Ministers while nations like the four Dominions had no such opportunity. He believe that the wider Conference could bring effective pressure to bear in favour of a just settlement, and he hoped that Mr. Bevin would be able at the next meeting of the Council to obtain a rapid decision as to its date.

Dr. Evatt commented on two aspects of the draft Italian Treaty. As regards the disposal of the Colonies he was very glad that, through Mr. Bevin's insistence, the Soviet Government had withdrawn their claim to trusteeship over Tripolitania—not because it was Russia that made the claim but because the claim was intrinsically unjust. Russia—like France—had contributed little or nothing to the defeat of Italy. The Australian Government, for their part, would have preferred the solution of international trusteeship, but he entirely endorsed the view that it would be intolerable to bargain away the rights of the Italians in Trieste for the rights of Arabs in Libya. As regards Trieste, he recalled that the Australian Government had put forward at the London meeting of the Council of Foreign Ministers a proposal for the internationalisation of the city and port of Trieste, and he was glad that Mr. Bevin was favourably disposed towards this solution.

Dr. Evatt was most anxious that the post-war settlement should not be based on the hypothesis of a struggle between Russia and her satellites on one side and the Western Powers on the other side. He hoped that the settlement generally, and the case of Trieste in particular, would not be influenced by strategic considerations *vis-à-vis* Russia, but be based on simple considerations of justice.

MR. NASH thanked Mr. Bevin for his review. He appreciated the difficulty of negotiations with Russia, whose actions were unpredictable. While he paid tribute to Mr. Bevin's handling of the difficulties, he wished to make clear that the New Zealand Government had always believed that the best results would

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224056

be likely to be reached by a wider Conference than the Council of Foreign Ministers, and he regretted that the Peace Conference had not been held on 1st May as planned. He was much disappointed that, contrary to his previous understanding, it appeared that it had still to be decided whether the Peace Conference should be held at all. Moreover, the Conference, when held, would be unsatisfactory if, in effect, any one of the "drafting" countries on the Council of Foreign Ministers could exercise a veto over the Conference's recommendations.

As regards the provisions of the Italian Treaty, the New Zealand Government considered that Trieste should be internationalised and that no Colonies should be returned to Italy. Libya should be placed under international trusteeship by the United Nations—not on any account a four-power Trusteeship. But the New Zealand Government were not opposed to the suggestion that the United Kingdom should be granted trusteeship over Cyrenaica.

MR. BEVIN said that the United Kingdom had on three occasions said that the Treaty should provide for renunciation of the Colonies to the United Nations. It was the United States who had proposed cession to the four Powers. In his view, this would cause great practical difficulties; for instance, the other three Powers might well claim the right to provide occupying forces. He had, therefore, appealed to the United States to modify their proposal by substitution of the United Nations for the four Powers in this context.

As regards Trieste, he emphasised that it was of the greatest importance that no public reference should be made to internationalisation as a possible solution, and he asked that the views expressed on this point should be treated as highly confidential.

Mr. Bevin said that the tactics of the Soviet approach to the German and Japanese settlements might be similar to their approach in the case of the Italian and Balkan Treaties. It would help if the ground could be cleared by prior settlement of outstanding differences not strictly relevant; *e.g.*, by withdrawal of Allied troops from areas other than Germany and Japan. He added that the attitude of other Governments towards the German settlement might be largely determined by considerations relating to the Japanese settlement; it seemed that the United States Government, in particular, might be anxious not to prejudice the procedure for the Japanese Treaty. In discussion regarding the German settlement, he was anxious to avoid the weakness of the procedure laid down in the Potsdam Agreement, and had in mind to propose the summoning of a wider conference of active belligerents before as well as after the stage of drafting the Treaties.

DR. EVATT said that the Japanese settlement was vital to Australia. The Australian Government would be opposed to any proposal that the Council of Foreign Ministers should handle this matter, even in a preliminary way. After a long struggle, and largely as a result of Australian efforts, the Far Eastern Commission had been established. The United States was endeavouring once again to return to four-power procedures in relation to Japan. He agreed with the United Kingdom Government that this could not be accepted. Australia was a primary power in the Pacific and would never consent to be treated on any other basis. The future of Japan was a life and death matter to Australia.

In reply to a request from Mr. Nash, MR. BEVIN outlined the position in regard to the Austrian settlement. There seemed to be three main questions to be considered: first, the disposal of German assets; secondly, the oil resources; thirdly, the designs that the Russians seemed to be entertaining to establish a Slav colony in Eastern Austria. Austria had a special importance as the meeting place of Eastern and Western Europe and the Russians were keeping very large forces there. Since the shock of the Austrian election results, they had reverted to an attempt to dominate the country by direct means and the Renner Government now exercised little effective control. Mr. Bevin thought that the Russians would find it hard to avoid discussing Austria at the next meeting of the Council, when the United States had given notice that they proposed to raise the subject again.

*Cabinet Office, S.W.*1,
21*st May*, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

C224057

The circulation of this paper has been strictly limited. It is issued for the personal use of Mr. Mackenzie King.

TOP SECRET. Copy No. 77

P.M.M. (46) 15th Meeting.

MEETING OF PRIME MINISTERS.

MINUTES of the Fifteenth Meeting held at No. 10 Downing Street, S.W. 1, on Monday, 20th May, 1946, at 3·45 p.m.

Present:

The Right Hon. C. R. ATTLEE, M.P., Prime Minister of the United Kingdom (*in the Chair*).

United Kingdom.

The Right Hon. ERNEST BEVIN, M.P., Secretary of State for Foreign Affairs.
The Right Hon. VISCOUNT ADDISON, Secretary of State for Dominion Affairs.
The Right Hon. G. H. HALL, M.P., Secretary of State for the Colonies.
Mr. ARTHUR HENDERSON, K.C., M.P., Parliamentary Under-Secretary of State for India.
Sir ERIC MACHTIG, Permanent Under-Secretary of State for Dominion Affairs.
VISCOUNT HOOD, Foreign Office.

Canada.

The Right Hon. W. L. MACKENZIE KING, Prime Minister of Canada.
Mr. N. A. ROBERTSON, Under-Secretary for External Affairs.
The Right Hon. VINCENT MASSEY, High Commissioner for Canada.
Mr. J. W. PICKERSGILL, Private Secretary to Prime Minister.
Mr. J. W. HOLMES, Office of the High Commissioner for Canada.

Australia.

The Right Hon. H. V. EVATT, Minister of External Affairs.
The Right Hon. J. A. BEASLEY, High Commissioner for Australia.
Mr. J. D. L. HOOD, External Affairs Liaison Officer in London.
Dr. J. W. BURTON, Department of External Affairs.

New Zealand.

The Right Hon. W. NASH, Deputy Prime Minister of New Zealand.
Mr. F. SHANAHAN, Secretary of Cabinet.
Mr. F. H. CORNER, Department of External Affairs.

South Africa.

Field-Marshal The Right Hon. J. C. SMUTS, Prime Minister of South Africa.
Mr. G. HEATON NICHOLLS, High Commissioner for South Africa.
Mr. D. D. FORSYTH, Secretary for External Affairs.
Mr. R. JONES, Office of the High Commissioner for South Africa.

Secretariat.

Sir NORMAN BROOK.
Sir JOHN STEPHENSON.
Mr. C. G. EASTWOOD.
The Hon. F. E. CUMMING-BRUCE.

[31898—1]

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

CONTENTS.

1. Mr. Mackenzie King.
2. Provisional Agenda for Subsequent Discussions.
3. Council of Foreign Ministers: Draft Peace Treaties with Italy and Balkan Countries.

Mr. Mackenzie King.

1. MR. ATTLEE welcomed Mr. Mackenzie King who had arrived in London on the previous day. He was very glad that he had found it possible to join the discussions.

MR. MACKENZIE KING said that he was sorry he had not been able to take part in the earlier discussions owing to the pressure of his engagements in Canada.

Provisional Agenda for Subsequent Discussions.

2. LORD ADDISON outlined to the meeting the agenda provisionally arranged for further meetings during the week. The arrangements, which were satisfactory to Dominion Ministers, were subsequently circulated as P.M.M. (A) (46) 10.

Council of Foreign Ministers: Draft Peace Treaties with Italy and Balkan Countries.

3. MR. BEVIN gave Dominion Ministers an account of the proceedings at the Council of Foreign Ministers in Paris, and a discussion followed. The proceedings are recorded in a Confidential Record.

At the end of the discussion MR. ATTLEE suggested that it would be well that any statement issued to the press should be limited to the fact that a review of the situation had taken place.

MR. BEVIN indicated that this would be helpful from his point of view.

MR. MACKENZIE KING said that it was just as important from his point of view that too much information should not be given to the press. Press cables which had been sent to Canada and the United States after some of the earlier meetings had given rise to false impressions.

It was agreed that officials should consult together as to the terms of the statement to be issued.

Cabinet Office, S.W. 1,
20*th May*, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

C224059

The circulation of this paper has been strictly limited. It is issued for the personal use of ..... Mr. Mackenzie King .....

TOP SECRET. Copy No. 19

P.M.M. (46) 15th Meeting.

MEETING OF PRIME MINISTERS.

CONFIDENTIAL ANNEX: MINUTE 3.

(20th May, 1946—3·45 p.m.)

Council of Foreign Ministers: Draft Peace Treaties with Italy and Balkan Countries.

MR. BEVIN gave Dominion Ministers a review of the discussions at the Council of Foreign Ministers regarding the draft Peace Treaties with Italy and the Balkan States. The Council had also given preliminary examination to German questions (a subject on which he would give Dominion Ministers a report on the following day), the question of a Treaty with Austria, the Bulgarian-Greek frontier and Northern Epirus.

Mr. Bevin recalled that at earlier meetings Dominion Ministers had emphasized the importance of the Peace Conference being summoned without further delay. These views had been communicated to him. He himself shared these views. Before, however, he had had any opportunity of taking action on the point, Mr. Byrnes had himself opened the subject in the Council. M. Molotov had refused to agree that the Peace Conference should be held until there had been agreement at the Council of Foreign Ministers on "all fundamental issues." It seemed that he regarded as "fundamental issues" the future of Trieste, the Italian Colonies and Italian reparations, but not the future of the Dodecanese. Mr. Bevin himself had proposed that the Foreign Ministers should do their best to reach agreement among themselves, but should then refer outstanding points, as well as the uncompleted draft Treaties, to the Peace Conference. The Russians, however, would not agree to this. Despite many attempts to find a formula that would meet their wishes, no decision had been reached, and the subject stood adjourned until the Council met again on the 15th June.

Mr. Bevin said that in general more had been accomplished on drafting the five Peace Treaties than had perhaps been apparent. The military clauses of four of the five Treaties had been practically completed. Even on the Italian Colonies and reparations the various points of view had, he thought, been brought somewhat nearer agreement. The general political clauses of the Treaties, including most of the provisions regarding frontiers and the human rights clauses had been settled. The economic clauses, however, were still outstanding.

The two critical points in the Italian Treaty were the future of Trieste and the Italian Colonies. As regards Trieste, each of the four countries represented at the Conference had proposed a boundary line. The line proposed by the Russians would award to Yugoslavia the whole of the Yugoslav claims, leaving about 600,000 Italians in Yugoslavia and no Yugoslavs in Italy. The French line approximated more closely to the ethnic line. The British line awarded a larger area to Italy, including Pola, and in effect left the minimum number of persons under alien rule. The American line differed from the British in leaving to Italy certain economic resources, including the Arsa coal mines, as

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224069

a result of which more Yugoslavs would be left under Italian rule. After considerable discussion the United Kingdom and United States had been ready to accept the French line, but the Russians had insisted upon their line and the other Powers could not agree to that. The matter had then been referred to the Deputies.

Mr. Bevin recalled that it had been generally agreed in September that the port of Trieste should be internationalised but no progress could be made with this until agreement had been reached about the sovereignty of the city of Trieste. It was possible that, when the Council resumed its activities, the French would propose that the whole of the strip between the French and the Russian lines should be internationalised.

As regards the Italian Colonies, the United States had proposed in September that they should all be placed under collective trusteeship. Faced also with the Soviet demand for trusteeship over Tripolitania, the United Kingdom Government had then thought that the balance of advantage lay in supporting the United States proposal. At the recent meeting, when the United States had shown signs of weakening in their view, Mr. Bevin had proposed that Libya should be given virtually complete independence and that the problems of Eritrea and Italian Somaliland should be examined more closely by commissions. Subsequently, M. Molotov had withdrawn his claims for trusteeship and had supported a proposal originally made by the French that the Italian Colonies should be restored to Italy under United Nations trusteeship. Mr. Bevin had not been able to accept this proposal on account of the pledges given to the Senussi tribes of Cyrenaica. He had, therefore, insisted that, whatever might happen to Tripolitania, Cyrenaica must not be returned to Italy and had suggested that it be placed under United Kingdom trusteeship.

Mr. Byrnes had subsequently proposed that all Italian Colonies should be placed under the trusteeship of the four Powers until their future could be determined, and that, if after a certain period no decision had been reached, they should be handed over to the United Nations Organisation. At this point, the matter had been referred to the Deputies.

Mr. Bevin commented that M. Molotov's withdrawal of the Soviet demand for Tripolitania had, he thought, been prompted by the hope that he would thereby secure a settlement of the Trieste question. Mr. Bevin had not been able to agree to a bargain which would in effect have involved injustice to several hundred thousand Senussi as well as injustice to several hundred thousand Italians.

It had been evident to him that the Russians attached primary importance to the settlement of Trieste and Venezia Giulia. If the area were to be given to the Yugoslavs it would, in effect, become part of the Russian *bloc*. It would enable her to draw closer the " iron curtain " across Eastern Europe. The question was thus closely related to the draft Treaties with the Balkan satellite States. There was no doubt that Russia was most reluctant to draw back the " iron curtain." For instance, Mr. Bevin had been endeavouring to establish the principle of freedom of navigation on the Danube, and Mr. Byrnes had pressed his plan for an international waterway; but the Russians had been unwilling to agree to either proposal. Again, in the matter of withdrawal of troops the Russians had attempted to go back on a decision made by the Council in September that all Allied forces should be withdrawn from Bulgaria. They had endeavoured to bargain this withdrawal against the withdrawal of British troops from Italy.

The question of withdrawal of troops was in turn bound up with the future of Austria, as the main justification alleged for the retention of troops in the Balkans was that they were on the Russian lines of communication with Austria. An attempt had been made in Paris to discuss a draft Treaty with Austria but the Russians had been unwilling to agree to its being placed on the agenda.

These had been the main points on which difficulty had arisen at Paris. A great many other questions had been discussed and Mr. Bevin made the following report on certain of these :—

(a) *The Dodecanese.*

The Soviet Delegation had agreed in principle that these islands should be ceded to Greece, but they had made this conditional on agreement on other territorial questions. M. Stalin had informed Mr. Bevin when he had been in Moscow that Russia had no particular interest in the Dodecanese, and M. Molotov had said much the same. Nevertheless, Mr. Bevin could not be certain that some Soviet claim would not be put forward.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224061

(b) *Austro-Italian Frontier.*

The Council had rejected the Austrian claim to the whole of the province of Bolzano. The Austrian Government had then claimed the area of Brunico which would afford lateral communication between the Austrian provinces of the North and East Tyrol. The Deputies would hear the Austrian and Italian case on this claim before the Council reassembled in June.

(c) *Franco-Italian Frontier.*

The Council had agreed that three of the four changes of frontier requested by the French might be accepted. The fourth area had been visited by a Commission. There seemed little doubt that, whatever the future sovereignty over the area, arrangements should be made to ensure that Italy was not deprived of the water-power in it. This matter, too, was to be considered by the Deputies and he hoped that a satisfactory settlement would be reached.

(d) *Zara, the Dalmatian Islands and Pelagosa.*

It had been agreed that these places should be ceded to Yugoslavia. Pelagosa was to be demilitarised.

(e) *Italian Fleet.*

The Council reached agreement on the size by categories of the future Italian fleet. Discussion was still proceeding on the units to be left to Italy and the allocation of the surplus. The principle outstanding issues were the allocation of the two 15-inch battleships and the French demand that their claim to certain specific units should be recognised *in toto*. There were good prospects of agreement on this question.

(f) *Existing Bi-lateral Treaties.*

Mr. Bevin had sought to include in all the Treaties a provision that each Allied and Associated Power should be able to notify the ex-enemy State of the pre-war bi-lateral Treaties which it desired to keep in force. He thought that this provision would preserve the rights of small States and prevent the ex-enemy State from renouncing Treaties essential to international intercourse. M. Molotov had been willing to accept this proposal on condition that it was open to any member of the Council to veto the maintenance in force of any one of these Treaties. No agreement had therefore been reached.

Mr. Bevin said that if Dominion Ministers so desired he could give further information on the details of the Council's discussions. He repeated in conclusion that he was sorry that it had not been possible to agree upon a date for the holding of the Peace Conference.

MR. MACKENZIE KING thanked Mr. Bevin for his interesting review. He appreciated the difficulties which he had encountered in the negotiations. He asked whether Mr. Bevin thought that the date for the Peace Conference would be fixed when the Council met on 15th June.

MR. BEVIN thought that this turned largely on the question whether a solution could then be found for the problem of Trieste. He did not believe that the Russians had the same interest in the Italian Colonies or any other of the points at issue. Once it was agreed that the Conference should be held at all, it could take place within a month.

FIELD-MARSHAL SMUTS said that he had been much impressed, in following the messages from Paris, by Mr. Bevin's argument that Trieste was the "mouth" of Central Europe and had been the natural port of Austria, Yugoslavia and neighbouring countries. This being so, was it right to insist on the area being returned to Italy? What, he asked, would be the Russian reaction to a suggestion of internationalising the port and city of Trieste?

MR. BEVIN said that he personally was in sympathy with the idea but did not wish to raise it himself because Russia would regard it as the first sign of a weakening in his position. If, however, the French proposed it and he saw signs that the Russians might agree to it, he would certainly not reject it himself.

FIELD-MARSHAL SMUTS said that the tactics of the negotiations must, of course, be Mr. Bevin's concern. The primary interest of the Empire, in his view, was to ensure that Russia renounced all demands which would give her

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224032

a position across the Empire's lines of communication through the Mediterranean. It would be worth paying some price for that. If in effect Trieste was the only major issue which prevented a general peace settlement with Italy and the Balkan States, might not some compromise be worked out in discussion with the United States and France which would be acceptable to the Russians?

MR. BEVIN said that he saw the strength of this argument. He thought, however, that it would be wisest to keep our own counsel until the French and Italian elections on 2nd June were over.

DR. EVATT said that he fully recognised the difficulties of the present position, many of which were legacies from arrangements which had to be made to win the war. He wished to state again the point of view of the Australian Government on certain matters.

Comparisons might be drawn with the experience of 1919 on two aspects of the settlement. In the first place, President Wilson had been criticised because the Peace Treaty and the provisions for a new international organisation had both been embodied in the same document. This criticism had been avoided on the present occasion by the establishment of the United Nations before the peace settlement; but, owing to the delay in reaching a peace settlement, there was a danger that many contentious questions would be brought before the Security Council. This would cause many critical situations. Secondly, in 1919 all active belligerents had been invited to participate in the making of peace. On this occasion only four Powers had so far taken part in the preparation of the Treaties. This was more than a matter of procedure; it was also a matter of principle. It was plain, moreover, that the proceedings of the Council of Foreign Ministers constituted an effort to reach agreement by a process of bargaining on the substance of the Treaties, and not only on matters of drafting. This posed a dilemma. On the one hand, if the four Powers had already established their inability to agree among themselves, this would reduce the power of a full Conference to secure agreement. If, on the other hand, the four Powers reached agreement, would not the other active belligerents be thus faced with a *fait accompli* and be expected to refrain from upsetting bargains and compromises? Admittedly, Dominion Governments were fortunate in having the opportunity to consult with the United Kingdom Government on the issues at stake; but other countries had no such opportunity; and it was ironic that defeated Italy should have had an opportunity to state its views before countries who had contributed to victory. Equally, it seemed unjust that France who had taken no part in the war against Italy should be brought into conference at the Council of Foreign Ministers while nations like the four Dominions had no such opportunity. He believe that the wider Conference could bring effective pressure to bear in favour of a just settlement, and he hoped that Mr. Bevin would be able at the next meeting of the Council to obtain a rapid decision as to its date.

Dr. Evatt commented on two aspects of the draft Italian Treaty. As regards the disposal of the Colonies he was very glad that, through Mr. Bevin's insistence, the Soviet Government had withdrawn their claim to trusteeship over Tripolitania—not because it was Russia that made the claim but because the claim was intrinsically unjust. Russia—like France—had contributed little or nothing to the defeat of Italy. The Australian Government, for their part, would have preferred the solution of international trusteeship, but he entirely endorsed the view that it would be intolerable to bargain away the rights of the Italians in Trieste for the rights of Arabs in Libya. As regards Trieste, he recalled that the Australian Government had put forward at the London meeting of the Council of Foreign Ministers a proposal for the internationalisation of the city and port of Trieste, and he was glad that Mr. Bevin was favourably disposed towards this solution.

Dr. Evatt was most anxious that the post-war settlement should not be based on the hypothesis of a struggle between Russia and her satellites on one side and the Western Powers on the other side. He hoped that the settlement generally, and the case of Trieste in particular, would not be influenced by strategic considerations *vis-à-vis* Russia, but be based on simple considerations of justice.

MR. NASH thanked Mr. Bevin for his review. He appreciated the difficulty of negotiations with Russia, whose actions were unpredictable. While he paid tribute to Mr. Bevin's handling of the difficulties, he wished to make clear that the New Zealand Government had always believed that the best results would

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224063

be likely to be reached by a wider Conference than the Council of Foreign Ministers, and he regretted that the Peace Conference had not been held on 1st May as planned. He was much disappointed that, contrary to his previous understanding, it appeared that it had still to be decided whether the Peace Conference should be held at all. Moreover, the Conference, when held, would be unsatisfactory if, in effect, any one of the "drafting" countries on the Council of Foreign Ministers could exercise a veto over the Conference's recommendations.

As regards the provisions of the Italian Treaty, the New Zealand Government considered that Trieste should be internationalised and that no Colonies should be returned to Italy. Libya should be placed under international trusteeship by the United Nations—not on any account a four-power Trusteeship. But the New Zealand Government were not opposed to the suggestion that the United Kingdom should be granted trusteeship over Cyrenaica.

MR. BEVIN said that the United Kingdom had on three occasions said that the Treaty should provide for renunciation of the Colonies to the United Nations. It was the United States who had proposed cession to the four Powers. In his view, this would cause great practical difficulties; for instance, the other three Powers might well claim the right to provide occupying forces. He had, therefore, appealed to the United States to modify their proposal by substitution of the United Nations for the four Powers in this context.

As regards Trieste, he emphasised that it was of the greatest importance that no public reference should be made to internationalisation as a possible solution, and he asked that the views expressed on this point should be treated as highly confidential.

Mr. Bevin said that the tactics of the Soviet approach to the German and Japanese settlements might be similar to their approach in the case of the Italian and Balkan Treaties. It would help if the ground could be cleared by prior settlement of outstanding differences not strictly relevant; *e.g.*, by withdrawal of Allied troops from areas other than Germany and Japan. He added that the attitude of other Governments towards the German settlement might be largely determined by considerations relating to the Japanese settlement; it seemed that the United States Government, in particular, might be anxious not to prejudice the procedure for the Japanese Treaty. In discussion regarding the German settlement, he was anxious to avoid the weakness of the procedure laid down in the Potsdam Agreement, and had in mind to propose the summoning of a wider conference of active belligerents before as well as after the stage of drafting the Treaties.

DR. EVATT said that the Japanese settlement was vital to Australia. The Australian Government would be opposed to any proposal that the Council of Foreign Ministers should handle this matter, even in a preliminary way. After a long struggle, and largely as a result of Australian efforts, the Far Eastern Commission had been established. The United States was endeavouring once again to return to four-power procedures in relation to Japan. He agreed with the United Kingdom Government that this could not be accepted. Australia was a primary power in the Pacific and would never consent to be treated on any other basis. The future of Japan was a life and death matter to Australia.

In reply to a request from Mr. Nash, MR. BEVIN outlined the position in regard to the Austrian settlement. There seemed to be three main questions to be considered: first, the disposal of German assets; secondly, the oil resources; thirdly, the designs that the Russians seemed to be entertaining to establish a Slav colony in Eastern Austria. Austria had a special importance as the meeting place of Eastern and Western Europe and the Russians were keeping very large forces there. Since the shock of the Austrian election results, they had reverted to an attempt to dominate the country by direct means and the Renner Government now exercised little effective control. Mr. Bevin thought that the Russians would find it hard to avoid discussing Austria at the next meeting of the Council, when the United States had given notice that they proposed to raise the subject again.

Cabinet Office, S.W.1,
21st May, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

21/5/46

C224064

SEATING ARRANGEMENTS FOR FIFTEENTH MEETING

Mr. Arthur Henderson,
Parliamentary Under-
Secretary of State
for India

Rt.Hon. G.H. Hall,
Secretary of State
for the Colonies

Lord Hood,
Foreign Office

Rt.Hon. E. Bevin,
Secretary of State
for Foreign Affairs

Prime Minister

Sir Norman Brook

Viscount Addison,
Secretary of State
for Dominion Affairs

Sir Eric Machtig,
Permanent Under-
Secretary of State
for Dominion Affairs

Sir John Stephenson

Mr. F. Shanahan,
Secretary of Cabinet

Rt.Hon. W. Nash

Mr. N.A. Robertson,
Under-Secretary for
External Affairs

Rt.Hon. Mackenzie King

Rt.Hon. Vincent Massey,
High Commissioner for
Canada

Rt.Hon. H.V. Evatt

Rt.Hon. J.A. Beasley,
High Commissioner
for Australia

Dr. J.W. Burton,
Department of
External Affairs

Field Marshal J.C. Smuts

Mr. G. Heaton Nicholls,
High Commissioner for
South Africa

Mr. C.G.
Eastwood

Mr. F.E.
Cumming-
Bruce

Mr. D.D. Forsyth,
Secretary for
External Affairs,
South Africa

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

The circulation of this paper has been strictly limited.
It is issued for the personal use of Rt. Hon. Mackenzie King
Canadian Delegation

TOP SECRET C224065 Copy No. 5 6

P.M.M.(46) 15th Meeting

MEETING OF PRIME MINISTERS

MINUTES of the Fifteenth Meeting held at No. 10 Downing Street, S.W.1., on MONDAY, 20TH MAY, 1946, at 3.45 p.m.

P R E S E N T:

The Rt.Hon. C.R. Attlee, M.P.,
Prime Minister of the United Kingdom
(In the Chair)

United Kingdom

The Rt.Hon. Ernest Bevin, M.P., Secretary of State for Foreign Affairs

The Rt.Hon. Viscount Addison, Secretary of State for Dominion Affairs

The Rt.Hon. G.H. Hall, M.P., Secretary of State for the Colonies

Mr. Arthur Henderson, K.C., M.P., Parliamentary Under-Secretary of State for India

Sir Eric Machtig, Permanent Under-Secretary of State for Dominion Affairs

Viscount Hood, Foreign Office

Canada

The Rt.Hon. W.L. Mackenzie King, Prime Minister of Canada

Mr. N.A. Robertson, Under-Secretary for External Affairs

The Rt.Hon. Vincent Massey, High Commissioner for Canada

Mr. J.W. Pickersgill, Private Secretary to Prime Minister

Mr. T.W. Holmes, Office of the High Commissioner for Canada

Australia

The Rt.Hon. H.V. Evatt, Minister of External Affairs

The Rt.Hon. J.A. Beasley, High Commissioner for Australia

Mr. J.D.L. Hood, External Affairs Liaison Officer in London.

Dr. J.W. Burton, Department of External Affairs

New Zealand

The Rt.Hon. W. Nash, Deputy Prime Minister of New Zealand

Mr. F. Shanahan, Secretary of Cabinet

Mr. F.H. Corner, Department of External Affairs

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

South Africa

Field Marshal The Rt.Hon. J.C. Smuts,
Prime Minister of South Africa

Mr. G. Heaton Nicholls,
High Commissioner for South Africa

Mr. D. D. Forsyth,
Secretary for External Affairs

Mr. R. Jones,
Office of the High Commissioner
for South Africa

SECRETARIAT

Sir Norman Brook
Sir John Stephenson
Mr. C.G. Eastwood
The Hon.F.E.Cumming-Bruce

CONTENTS

Item No.	Subject
1	MR. MACKENZIE KING
2	PROVISIONAL AGENDA FOR SUBSEQUENT DISCUSSIONS
3	COUNCIL OF FOREIGN MINISTERS: DRAFT PEACE TREATIES WITH ITALY AND BALKAN COUNTRIES

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224067

MR. MACKENZIE KING

1. MR. ATTLEE welcomed Mr. Mackenzie King who had arrived in London on the previous day. He was very glad that he had found it possible to join the discussions.

MR. MACKENZIE KING said that he was sorry he had not been able to take part in the earlier discussions owing to the pressure of his engagements in Canada.

PROVISIONAL AGENDA FOR SUBSEQUENT DISCUSSIONS

2. LORD ADDISON outlined to the meeting the agenda provisionally arranged for further meetings during the week. The arrangements, which were satisfactory to Dominion Ministers, were subsequently circulated as P.M.M.(A)(46) 10.

COUNCIL OF FOREIGN MINISTERS: DRAFT PEACE TREATIES WITH ITALY AND BALKAN COUNTRIES

3. MR. BEVIN gave Dominion Ministers an account of the proceedings at the Council of Foreign Ministers in Paris, and a discussion followed. The proceedings are recorded in a Confidential Record.

At the end of the discussion MR. ATTLEE suggested that it would be well that any statement issued to the press should be limited to the fact that a review of the situation had taken place.

MR. BEVIN indicated that this would be helpful from his point of view.

MR. MACKENZIE KING said that it was just as important from his point of view that too much information should not be given to the press. Press cables which had been sent to Canada and the United States after some of the earlier meetings had given rise to false impressions.

It was agreed that officials should consult together as to the terms of the statement to be issued.

Cabinet Office, S.W.1.

20TH MAY, 1946

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

The circulation of this paper has been strictly limited.
It is issued for the personal use of Rt. MacKenzie King

TOP SECRET

Copy No. 20

C224068

MEETING OF PRIME MINISTERS

P.M.M.(46) 15th Meeting, Minute 3

Confidential Annex

(20th May, 1946 - 3.45 p.m.)

COUNCIL OF FOREIGN MINISTERS: DRAFT PEACE TREATIES WITH ITALY AND BALKAN COUNTRIES

MR. BEVIN gave Dominion Ministers a review of the discussions at the Council of Foreign Ministers regarding the draft Peace Treaties with Italy and the Balkan States. The Council had also given preliminary examination to German questions (a subject on which he would give Dominion Ministers a report on the following day), the question of a treaty with Austria, the Bulgarian-Greek frontier and Northern Epirus.

Mr. Bevin recalled that at earlier meetings Dominion Ministers had emphasized the importance of the Peace Conference being summoned without further delay. These views had been communicated to him. He himself shared these views. Before, however, he had had any opportunity of taking action on the point, Mr. Byrnes had himself opened the subject in the Council. M. Molotov had refused to agree that the Peace Conference should be held until there had been agreement at the Council of Foreign Ministers on "all fundamental issues". It seemed that he regarded as "fundamental issues" the future of Trieste, the Italian Colonies and Italian reparations, but not the future of the Dodecanese. Mr. Bevin himself had proposed that the Foreign Ministers should do their best to reach agreement among themselves but should then refer outstanding points, as well as the uncompleted draft Treaties, to the Peace Conference. The Russians, however, would not agree to this. Despite many attempts to find a formula that would meet their wishes no decision had been reached, and the subject stood adjourned until the Council met again on 15th June.

Mr. Bevin said that in general more had been accomplished on drafting the five Peace Treaties than had perhaps been apparent. The military clauses of four of the five Treaties had been practically completed. Even on the Italian Colonies and reparations the various points of view had, he thought, been brought somewhat nearer agreement. The general political clauses of the Treaties, including most of the provisions regarding frontiers and the human rights clauses had been settled. The economic clauses, however, were still outstanding.

The two critical points in the Italian Treaty were the future of Trieste and the Italian Colonies. As regards Trieste, each of the four countries represented at the Conference had proposed a boundary line. The line proposed by the Russians would award to Yugoslavia the whole of the Yugoslav claims, leaving about 600,000 Italians in Yugoslavia and no Yugoslavs in Italy. The

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

French line approximated more closely to the ethnic line. The British line awarded a larger area to Italy, including Pola, and in effect left the minimum number of persons under alien rule. The American line differed from the British in leaving to Italy certain economic resources, including the Arsa coal mines, as a result of which more Yugoslavs would be left under the Italian rule. After considerable discussion the United Kingdom and United States had been ready to accept the French line, but the Russians had insisted upon their line and the other Powers could not agree to that. The matter had then been referred to the Deputies.

Mr. Bevin recalled that it had been generally agreed in September that the port of Trieste should be internationalised but no progress could be made with this until agreement had been reached about the sovereignty of the city of Trieste. It was possible that, when the Council resumed its activities, the French would propose that the whole of the strip between the French and the Russian lines should be internationalised.

As regards the Italian Colonies, the United States had proposed in September that they should all be placed under collective trusteeship. Faced also with the Soviet demand for trusteeship over Tripolitania, the United Kingdom Government had then thought that the balance of advantage lay in supporting the United States proposal. At the recent meeting, when the United States had shown signs of weakening in their view, Mr. Bevin had proposed that Libya should be given virtually complete independence and that the problems of Eritrea and Italian Somaliland should be examined more closely by commissions. Subsequently M. Molotov had withdrawn his claims for trusteeship and had supported a proposal originally made by the French that the Italian Colonies should be restored to Italy under United Nations trusteeship. Mr. Bevin had not been able to accept this proposal on account of the pledges given to the Senussi tribes of Cyrenaica. He had, therefore, insisted that, whatever might happen to Tripolitania, Cyrenaica must not be returned to Italy and had suggested that it be placed under United Kingdom trusteeship.

Mr. Byrnes had subsequently proposed that all Italian Colonies should be placed under the trusteeship of the four Powers until their future could be determined, and that, if after a certain period no decision had been reached, they should be handed over to the United Nations Organisation. At this point, the matter had been referred to the Deputies.

Mr. Bevin commented that M. Molotov's withdrawal of the Soviet demand for Tripolitania had, he thought, been prompted by the hope that he would thereby secure a settlement of the Trieste question. Mr. Bevin had not been able to agree to a bargain which would in effect have involved injustice to several hundred thousand Senussi as well as injustice to several hundred thousand Italians.

It had been evident to him that the Russians attached primary importance to the settlement of Trieste and Venezia Giulia. If the area were to be given to the Yugoslavs it would, in effect, become part of the Russian bloc. It would enable her to draw closer the "iron curtain" across Eastern Europe. The question was thus closely related to the draft treaties with the Balkan satellite states. There was no doubt that Russia was most reluctant to draw back the "iron curtain". For instance, Mr. Bevin had been endeavouring to establish the principle of freedom of navigation on the Danube, and Mr. Byrnes had pressed his plan for an international waterway; but the Russians had been unwilling to agree to either proposal. Again, in the matter of

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

withdrawal of troops the Russians had attempted to go back on a decision made by the Council in September that all Allied forces should be withdrawn from Bulgaria. They had endeavoured to bargain this withdrawal against the withdrawal of British troops from Italy.

The question of withdrawal of troops was in turn bound up with the future of Austria, as the main justification alleged for the retention of troops in the Balkans was that they were on the Russian lines of communication with Austria. An attempt had been made in Paris to discuss a draft Treaty with Austria but the Russians had been unwilling to agree to its being placed on the agenda.

These had been the main points on which difficulty had arisen at Paris. A great many other questions had been discussed and Mr. Bevin made the following report on certain of these:-

(a) The Dodecanese

The Soviet Delegation had agreed in principle that these islands should be ceded to Greece but they had made this conditional on agreement on other territorial questions. M. Stalin had informed Mr. Bevin when he had been in Moscow that Russia had no particular interest in the Dodecanese and M. Molotov had said much the same. Nevertheless, Mr. Bevin could not be certain that some Soviet claim would not be put forward.

(b) Austro-Italian Frontier

The Council had rejected the Austrian claim to the whole of the province of Bolzano. The Austrian Government had then claimed the area of Brunico which would afford lateral communication between the Austrian provinces of the North and East Tyrol. The Deputies would hear the Austrian and Italian case on this claim before the Council reassembled in June.

(c) Franco-Italian Frontier

The Council had agreed that three of the four changes of frontier requested by the French might be accepted. The fourth area had been visited by a Commission. There seemed little doubt that, whatever the future sovereignty over the area, arrangements should be made to ensure that Italy was not deprived of the water-power in it. This matter, too, was to be considered by the Deputies and he hoped that a satisfactory settlement would be reached.

(d) Zara, the Dalmatian Islands and Pelagosa

It had been agreed that these places should be ceded to Yugoslavia. Pelagosa was to be demilitarised.

(e) Italian Fleet

The Council reached agreement on the size by categories of the future Italian fleet. Discussion was still proceeding on the units to be left to Italy and the allocation of the surplus. The principle outstanding issues were the allocation of the two 15" battleships and the French demand that their claim to certain specific units should be recognised in toto. There were good prospects of agreement on this question.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

(f) Existing Bi-lateral Treaties

Mr. Bevin had sought to include in all the Treaties a provision that each Allied and Associated Power should be able to notify the ex-enemy state of the pre-war bi-lateral Treaties which it desired to keep in force. He thought that this provision would preserve the rights of small states and prevent the ex-enemy state from renouncing Treaties essential to international intercourse. M. Molotov had been willing to accept this proposal on condition that it was open to any member of the Council to veto the maintenance in force of any one of these Treaties. No agreement had therefore been reached.

Mr. Bevin said that if Dominion Ministers so desired he could give further information on the details of the Council's discussions. He repeated in conclusion that he was sorry that it had not been possible to agree upon a date for the holding of the Peace Conference.

MR. MACKENZIE KING thanked Mr. Bevin for his interesting review. He appreciated the difficulties which he had encountered in the negotiations. He asked whether Mr. Bevin thought that the date for the Peace Conference would be fixed when the Council met on 15th June.

MR. BEVIN thought that this turned largely on the question whether a solution could then be found for the problem of Trieste. He did not believe that the Russians had the same interest in the Italian Colonies or any other of the points at issue. Once it was agreed that the Conference should be held at all, it could take place within a month.

FIELD MARSHAL SMUTS said that he had been much impressed, in following the messages from Paris, by Mr. Bevin's argument that Trieste was the "mouth" of Central Europe and had been the natural port of Austria, Yugoslavia and neighbouring countries. This being so, was it right to insist on the area being returned to Italy? What, he asked, would be the Russian reaction to a suggestion of internationalising the port and city of Trieste?

MR. BEVIN said that he personally was in sympathy with the idea but did not wish to raise it himself because Russia would regard it as the first sign of a weakening in his position. If, however, the French proposed it and he saw signs that the Russians might agree to it, he would certainly not reject it himself.

FIELD MARSHAL SMUTS said that the tactics of the negotiations must, of course, be Mr. Bevin's concern. The primary interest of the Empire, in his view, was to ensure that Russia renounced all demands which would give her a position across the Empire lines of communication through the Mediterranean. It would be worth paying some price for that. If in effect Trieste was the only major issue which prevented a general peace settlement with Italy and the Balkan States, might not some compromise be worked out in discussion with the United States and France which would be acceptable to the Russians?

MR. BEVIN said that he saw the strength of this argument. He thought, however, that it would be wisest to keep our own counsel until the French and Italian elections on the 2nd June were over.

DR. EVATT said that he fully recognised the difficulties of the present position, many of which were legacies from arrangements which had to be made to win the war. He wished to state again the point of view of the Australian Government on certain matters.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Comparisons might be drawn with the experience of 1919 on two aspects of the settlement. In the first place, President Wilson had been criticised because the Peace Treaty and the provisions for a new international organisation had both been embodied in the same document. This criticism had been avoided on the present occasion by the establishment of the United Nations before the peace settlement; but, owing to the delay in reaching a peace settlement, the main result seemed to be that many contentious questions were brought before the Security Council which placed a great strain on the new machinery. Secondly, in 1919 all active belligerents had been invited to participate in the making of peace. On this occasion, only four Powers had so far taken part in the preparation of the Treaties. This was more than a matter of procedure; it was also a matter of principle. It was plain, moreover, that the proceedings of the Council of Foreign Ministers constituted an effort to reach agreement on the substance of the Treaties, and not only on matters of drafting. This posed a dilemma. On the one hand, if the four Powers had already established their inability to agree among themselves, this would reduce their power to secure agreement. If, on the other hand, the four Powers reached agreement, would not the other active belligerents be thus faced with a fait accompli? Admittedly, Dominion Governments were fortunate in having the opportunity to consult with the United Kingdom Government on the issues at stake; but other countries had no such opportunity; and it was ironic that defeated Italy should have had an opportunity to state its views before countries who had contributed to victory. Equally it seemed unjust that France who had taken no part in the war against Italy should obtain any booty from Italy while nations who had played a prominent part in the fighting might get none. He believed that the wider Conference could bring effective pressure to bear in favour of an early settlement and he hoped that Mr. Bevin would be able at the next meeting of the Council to obtain a rapid decision as to its date.

Dr. Evatt commented on two aspects of the draft Italian Treaty. As regards the disposal of the Colonies he was very glad that, through Mr. Bevin's insistence, the Soviet Government had withdrawn their claim to trusteeship over Tripolitania - not because it was Russia that made the claim but because the claim was intrinsically unjust. Russia - like France - had contributed little or nothing to the defeat of Italy. The Australian Government, for their part, would have preferred the solution of international trusteeship, but he entirely endorsed the view that it would be intolerable to bargain away the rights of the Italians in Trieste for the rights of Arabs in Libya. As regards Trieste, he recalled that the Australian Government had put forward at the London meeting of the Council of Foreign Ministers a proposal for the internationalisation of the city and port of Trieste, and he was glad that Mr. Bevin was favourably disposed towards this solution.

Dr. Evatt was most anxious that the post-war settlement should not be based on the hypothesis of a struggle between Russia and her satellites on one side and the Western Powers on the other side. He hoped that the settlement generally, and the case of Trieste in particular, would not be influenced by strategic considerations vis-a-vis Russia, but be based on simple considerations of justice.

MR. NASH thanked Mr. Bevin for his review. He appreciated the difficulty of negotiations with Russia, whose actions were unpredictable. While he paid tribute to Mr. Bevin's handling of the difficulties, he wished to make clear that the New Zealand Government had always believed that the best results would

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

be likely to be reached by a wider Conference than the Council of Foreign Ministers, and he regretted that the Peace Conference had not been held on 1st May as planned. He was much disappointed that, contrary to his previous understanding, it appeared that it had still to be decided whether the Peace Conference should be held at all. Moreover, the Conference, when held, would be unsatisfactory if, in effect, any one of the "drafting" countries on the Council of Foreign Ministers could exercise a veto over the Conference's recommendations.

As regards the provisions of the Italian Treaty, the New Zealand Government considered that Trieste should be internationalised and that no Colonies should be returned to Italy. Libya should be placed under international trusteeship by the United Nations - not on any account a four-Power Trusteeship. But the New Zealand Government were not opposed to the suggestion that the United Kingdom should be granted trusteeship over Cyrenaica.

MR. BEVIN said that the United Kingdom had on three occasions that the Treaty should provide for renunciation of the Colonies to the United Nations. It was the United States who had proposed cession to the four Powers. In his view, this would cause great practical difficulties; for instance, the other three Powers might well claim the right to provide occupying forces. He had, therefore, appealed to the United States to modify their proposal by substitution of the United Nations for the four Powers in this context.

As regards Trieste, he emphasised that it was of the greatest importance that no public reference should be made to internationalisation as a possible solution and he asked that the views expressed on this point should be treated as highly confidential.

Mr. Bevin said that the tactics of the Soviet approach to the German and Japanese settlements might be similar to their approach in the case of the Italian and Balkan Treaties. It would help if the ground could be cleared by prior settlement of outstanding differences not strictly relevant; e.g. by withdrawal of Allied troops from areas other than Germany and Japan. He added that the attitude of other Governments towards the German settlement might be largely determined by considerations relating to the Japanese settlement; it seemed that the United States Government, in particular, might be anxious not to prejudice the procedure for the Japanese Treaty. In discussion regarding the German settlement, he was anxious to avoid the weakness of the procedure laid down in the Potsdam Agreement, and had in mind to propose the summoning of a wider conference of active belligerents before as well as after the stage of drafting the Treaties.

DR. EVATT said that the Japanese settlement was vital to Australia. The Australian Government would be opposed to any proposal that the Council of Foreign Ministers should handle this matter, even in a preliminary way.

In reply to a request from Mr. Nash, MR. BEVIN outlined the position in regard to the Austrian settlement. There seemed to be three main questions to be considered; first, the disposal of German assets; secondly, the oil resources; thirdly, the designs that the Russians seemed to be entertaining to establish a Slav colony in Eastern Austria. Austria had a special importance as the meeting place of Eastern and Western Europe and the Russians were keeping very large forces there. Since the shock of the Austrian election results, they had reverted to an attempt to dominate the country by direct means and the Renner Government now exercised little effective control. Mr. Bevin thought that the Russians would find it hard to avoid discussing Austria at the next meeting of the Council, when the United States had given notice that they proposed to raise the subject again.

Cabinet Office, S.W.1.
21ST MAY, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

SECRET

21/v/46

C224074

REVISED PROVISIONAL TIME-TABLE OF MEETINGS

Monday, 20th May 3.45 p.m.	(1) General Foreign Political Situation (2) Peace Treaties with Italy, Roumania, Hungary, Bulgaria and Finland (P.M.M.(46) 15, 23, 24, 25, 26 and 27)
Tuesday, 21st May 11.0 a.m.	Policy Towards Germany (P.M.M.(46) 13 and 21)
3.45 p.m. (if required)	Continuation of Discussion
Wednesday, 22nd May 11.0 a.m.	(1) Nationality of Married Women (P.M.M.(46) 28, and P.M.M.(46) 30 - to be circulated) (2) South West Africa
3.45 p.m.	(1) Atomic Energy (P.M.M.(46) 19) (2) Review of Defence Obligations (P.M.M.(46) 31 - to be circulated)
Thursday, 23rd May 3.45 p.m.	Commercial Policy (1) Timetable of Commonwealth and International Conversations (P.M.M.(46) 29 - to be circulated) (2) Any other aspects Other matters arising out of previous discussions

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224075

(THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT)

S E C R E T

P.M.M.(A)(46) 10

COPY NO. 61

20TH MAY, 1946

MEETING OF PRIME MINISTERS

TIMETABLE OF MEETINGS

Note by the Secretaries

The following is the provisional timetable of meetings this week, as agreed this afternoon.

It has subsequently been found that it will be more convenient to United Kingdom Ministers if the final meeting is at 4.30 p.m. on Thursday, 23rd May, instead of 3.45 p.m. It is trusted that this will be equally convenient to Dominion Ministers.

(Signed) NORMAN BROOK
J.E.STEPHENSON

Cabinet Office, S.W.1.

20TH MAY, 1946.

ANNEX

TUESDAY, 21st MAY, at 11.0 a.m.		Policy Towards Germany. (P.M.M.(46) 13 and 21)
at 3.45 p.m. (if required)		Continuation of discussion.
WEDNESDAY, 22nd MAY, at 11.0 a.m.	(1)	Nationality of Married Women (P.M.M.(46)28 and P.M.M.(46)30)
	(2)	South West Africa.
at 3.45 p.m.	(1)	Atomic Energy (P.M.M.(46) 19)
	(2)	Review of Defence Obligations (P.M.M.(46) 31 - to be circulated)

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224076

THURSDAY, 23rd MAY,
at 4.30 p.m.

(1) Commercial Policy -

(a) Timetable of Commonwealth and International Conversations

(P.M.M.(46)29 - to be circulated)

(b) Any other aspects

(2) Other matters arising out of previous discussions.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224077

(THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT)

S E C R E T

P.M.M.(A)(46) 9

COPY NO. 39

17TH MAY, 1946

MEETING OF PRIME MINISTERS

PROVISIONAL TIMETABLE ON RESUMPTION OF MEETINGS

Note by the Secretaries

Since the provisional timetable, as revised, (P.M.M.(A)(46) 8) was circulated, a request has been received from the Australian Delegation that, if possible, the consultations should be concluded next week. In these circumstances, the provisional timetable has been revised, as below. It will be seen that it has been suggested that meetings should be held twice a day on Tuesday, 21st May and Wednesday, 22nd May, if required. As Mr. Attlee has to be in Scotland on Friday, 24th May, and Saturday, 25th May under a longstanding engagement, it will not be practicable to hold meetings on these days.

(Signed) NORMAN BROOK
J.E. STEPHENSON

Cabinet Office, S.W.1,

17th May, 1946.

ANNEX

PROVISIONAL AGENDA

MONDAY, 20th May 3.45 p.m.	General foreign political situation and proceedings of the Council of Foreign Ministers: Statement by the Foreign Secretary. /Peace Treaties with Italy, Roumania, Hungary, Bulgaria and Finland. (P.M.M.(46) 15, 23, 24, 25, 26 and 27). Policy Towards Germany. (P.M.M.(46) 13 and 21)/
TUESDAY, 21st May, 11.00 a.m.	Continuation of previous discussion.
3.45 p.m., (if required)	Continuation of discussion.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

WEDNESDAY, 22nd May,

11.00 a.m.

South-West Africa

Nationality of Married Women
(P.M.M.(46) 28).

Atomic Energy
(P.M.M.(46) 19).

3.45 p.m.,
(if required)

Continuation of discussion.

THURSDAY, 23rd May,
3.45 p.m.

Commercial Policy:

(i) Timetable of Commonwealth and International Conversations.
(P.M.M.(46) 29 - to be circulated).

(ii) Any other aspects

Other matters arising out of previous discussions.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224079

(THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT)

S E C R E T

P.M.M.(A)(46) 8

COPY NO. 71

16TH MAY, 1946

MEETING OF PRIME MINISTERS

PROVISIONAL TIMETABLE ON RESUMPTION OF MEETINGS

Note by the Secretaries

Since the provisional timetable set out in P.M.M.(A)(46)7 was circulated, Field Marshal Smuts has asked that the question of South-West Africa may be added to the agenda. It has also been learned that Mr. Bevin will be returning from Paris at the end of this week. With the above in view, the timetable has been further revised as below.

(Signed) NORMAN BROOK
J.E. STEPHENSON

Cabinet Offices, S.W.1,

16th May, 1946.

ANNEX

PROVISIONAL TIMETABLE

TUESDAY, 21st May, 3.45 p.m.	Proceedings of the Council of Foreign Ministers: Statement by the Foreign Secretary.
	Peace Treaties with Italy, Roumania, Hungary, Bulgaria and Finland. (P.M.M.(46) 15, 23, 24, 25, 26 and 27).
	Policy Towards Germany. (P.M.M.(46) 13 and 21).
	German Reparations.
WEDNESDAY, 22nd May, 11.00 a.m.	Proceedings of the Council of Foreign Ministers: Continuation of Discussion.
THURSDAY, 23rd May, 3.45 p.m.	Proceedings of the Council of Foreign Ministers: Continuation of Discussion.
	South-West Africa.

/MONDAY, 27th May

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224080

MONDAY, 27th May,
3.45 p.m.

Atomic Energy
(P.M.M.(46) 19).

Nationality of Married Women.
(P.M.M.(46) 28 - to be circulated).

TUESDAY, 28th May,
3.45 p.m.

Commercial Policy

(i) Timetable of Commonwealth and International Conversations.
(P.M.M.(46) 29 - to be circulated).

(ii) Any other aspects.

Other Matters arising out of previous discussions

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

SECRET.

Copy No. 58

C224081

P.M.M. (46) 29.

21*st May*, 1946.

MEETING OF PRIME MINISTERS.

ARRANGEMENTS FOR INTER-GOVERNMENTAL DISCUSSIONS ON COMMERCIAL POLICY.

MEMORANDUM BY THE SECRETARY OF STATE FOR DOMINION AFFAIRS.

1. It will be remembered that, when the United States Government published their "Proposals for Consideration by an International Conference on Trade and Employment" (Cmd. 6709), the Government of the United Kingdom stated that it "is in full agreement on all important points in these proposals and accepts them as a basis for international discussion . . . ." At the same time the Prime Minister of the United Kingdom stated that the United Kingdom and the United States intended, well in advance of the Conference, to carry on between themselves and other countries, including, of course, British Commonwealth countries, preliminary negotiations upon the subjects dealt with in the United States document. This was a reference to the intention of the United States Government to convene the so-called Meeting of Drafting Countries consisting of 15 principal trading nations.

2. Owing to the prolongation of the debate on the Loan in the United States Congress and to the impending congressional elections in November, the United States Government have found it necessary to postpone until March 1947 the Meeting of Drafting Countries.

3. It was always the intention of the United States Government to invite the United Nations Organisation to summon the full International Conference to take place after the Meeting of Drafting Countries. A proposal to this effect was considered by the Economic and Social Council, who, on the 5th March, adopted a resolution (*a*) deciding to call the full International Conference, (*b*) constituting a Preparatory Committee to elaborate an annotated draft agenda, and (*c*) suggesting as a basis for the Preparatory Committee's discussions a number of subjects which follow closely the headings in Cmd. 6709.

4. Thus the international discussions will fall into three stages :—

(1) A meeting of the Preparatory Committee of the Economic and Social Council (consisting of the 15 Drafting Countries plus 3 others) to elaborate an annotated draft agenda for the eventual United Nations Conference.

(2) The Meeting of Drafting Countries to be convened by the United States Government to negotiate on the basis of Cmd. 6709, including detailed negotiations on tariffs and preferences.

(3) The full international conference to be called by the United Nations.

5. The United States Government, more especially in view of the postponement of the Meeting of Drafting Countries, recently put forward suggestions regarding the time-table for the Preparatory Committee of the Economic and Social Council. The principal features of these suggestions were (*a*) that the Committee should meet in New York on the 1st July to begin the work assigned to it by the Council and to discuss the United States Proposals on a general exploratory basis without aiming at definite agreement and without any detailed tariff bargaining, and (*b*) that a drafting sub-committee should then draft detailed proposals in the light of the views expressed.

6. These suggestions and the United Kingdom counter-suggestions have been considered by the Governments of the Dominions and India. They concurred in the lines of the reply which the United Kingdom Government proposed to make to the United States Government.

[31863—1]

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224082

7. The United Kingdom Government accordingly informed the United States Government of their counter-proposals, which may be summarised as follows :—

(1) On the assumption that Congress will have acted in time on the Loan, a meeting of the Preparatory Committee of the Economic and Social Council should be held in Europe in October 1946 for purely educative purposes on non-tariff aspects of the negotiations.
(2) There should be no attempt to set up a drafting sub-committee.

Our views have now been accepted by the United States Government, who suggest that the Preparatory Committee should meet in London or Geneva on the 15th October.

8. Accordingly the time-table for *international* discussions is now as follows :—

15th October, 1946.—Meeting of the Preparatory Committee of the Economic and Social Council in Europe.

March 1947.—Meeting of Drafting Countries to be convened by United States. No announcement is to be made for the present that the meeting is to be postponed till this date.

No date yet fixed.—Full International Conference on Trade and Employment to be called by United Nations.

9. There is general agreement among British Commonwealth Governments that the meeting of Drafting Countries (which would cover detailed bargaining on tariffs and preferences as well as on non-tariff matters) should be preceded by British Commonwealth discussions, which would presumably take place in January 1947.

10. There remains the question whether there should also be preliminary British Commonwealth discussions in advance of the meeting of the Preparatory Committee which it is now proposed to hold on the 15th October. The United Kingdom Government suggested to the Governments of the Dominions and India that such preliminary discussions should be held on the 1st July to consider the subjects which will come up at the meeting of the Preparatory Committee, *i.e.*, matters other than detailed tariff negotiations. It was thought that there might be a general desire to have a preliminary exchange of views between members of the Commonwealth on such questions as the use of import quotas, subsidies, State trading, cartels, full employment and other topics before entering into even non-committal discussions with foreign Governments. This view was questioned by the Governments of Canada and the Union of South Africa. It also appears that the date suggested, the 1st July, would be inconvenient to the Governments of Canada, South Africa and India. The views of the Government of the Commonwealth of Australia as to the date have not yet been received The Government of New Zealand supported the United Kingdom suggestion.

11. Accordingly it is for consideration whether the suggestion of a preliminary British Commonwealth meeting on non-tariff questions on the 1st July should be pursued or whether some alternative arrangements for consultation before the 15th October should be adopted.

12. The telegrams exchanged with the Dominion Governments on this question are being circulated separately (P.M.M. (46) 33).

A.

Dominions Office,
21*st May*, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224083

NAR/SR
23.5.46

TIME-TABLE OF COMMONWEALTH AND INTERNATIONAL CONFERENCES ON COMMERCIAL POLICY

Reference Document P.M.M.(46) 29.

The main features of the time-table set forth in this paper are acceptable to the Canadian Government. The postponement of negotiations between the so-called drafting countries until March, 1947, is disappointing but, in the circumstances, unavoidable. I feel that the longer these negotiations are deferred the more difficult may be the task of getting tariffs reduced and trade restrictions removed. The Canadian Government has promised its full support to the initiative which the United States and United Kingdom Governments have taken in this field, and attaches great importance to it. It is not necessary to emphasize again the importance, both from a political and economic point of view, of pressing forward successfully the objectives set forth in the American proposals. We none of us can afford to fail to maintain high levels of employment, and we can only combine this objective with high real incomes for our peoples if we base our national policies on a programme of full international economic collaboration. I may say, in parenthesis, that we were very glad to learn from M. Blum, some weeks ago, that the Government of France will associate itself fully and unreservedly with the general programme that the United States and United Kingdom Governments have sponsored.

As regards the details of the time-table mentioned in the

(remainder of memo. not on file) &c.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

C224084

The circulation of this paper has been strictly limited. It is issued for the personal use of Mr. Mackenzie King, Canadian Delegation.

TOP SECRET. Copy No. 58

P.M.M. (46) 31.

21*st May*, 1946.

MEETING OF PRIME MINISTERS.

UNITED KINGDOM DEFENCE OBLIGATIONS.

MEMORANDUM BY THE SECRETARY OF STATE FOR DOMINION AFFAIRS.

THE present military commitments of the United Kingdom may be briefly summarised as follows :—

(i) The provision of occupational forces in Germany, Austria, Japan, Venezia Giulia and ex-Italian colonies.
(ii) The provision of forces to provide military backing to our foreign policy in respect of Greece and Italy.
(iii) The maintenance of law and order in British territories such as India, Palestine, Malaya and certain British territories in South-East Asia.
(iv) The fulfilment of United Nations military commitments in the Netherlands East Indies.
(v) The maintenance of strategic reserves at home and overseas.
(vi) The provision of forces for the protection of our bases overseas and of our world-wide lines of communication.
(vii) The provision of forces in the United Kingdom and for the training and administration of our forces throughout the world.

2. Any forces which it may be agreed to provide for the United Nations Organisation would probably be additional to those required for peace-time commitments which are a purely British concern.

3. If the United Kingdom is to be in a position to conduct an effective foreign policy, the military commitments enumerated above must be met in full. The bargaining position of the United Kingdom *vis-à-vis* other countries is dependent upon adequate military backing, and any failure or apparent lack of determination to meet our commitments will not only encourage our potential adversaries, but will also discourage our friends. Ample proof of this was provided in the period between the two wars, when there grew up abroad the impression that the British people had lost both the will and self-discipline to protect themselves and to enforce their will in world affairs.

4. Assuming that there will be an improvement in the political situation during coming months which will permit the liquidation of certain commitments in Southern Europe, the Chiefs of Staff have, after effecting all possible economies, made the following forecast of the manpower requirements of the three Services during 1947. It is emphasised that these forecasts make no provision for additional undertakings which may arise, for example, the extra forces which may be required in the event of widescale disorders in the Middle East following the endorsement of the Anglo-American Commission's Report on Palestine :—

	31st December, 1946.	*31st December, 1947.*
Royal Navy	194,000	182,000
Army	695,000	590,000
Royal Air Force	305,000	305,000
Total	1,194,000	1,077,000

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224205

5. To meet our military requirements during the next five years there is no alternative but to retain compulsory military service.

6. The United Kingdom Government propose to make a public statement to the effect that as from the 1st January, 1947, new entrants to the armed forces will be called up for a period of service of two years, this period being progressively reduced to 18 months.

7. In order to maintain the forces during the critical year 1947, it has also been necessary to adopt other severe measures :—

(i) Men called up before the 1st January, 1947, will continue to be released according to age and length of service. This means that at the end of 1947 there will be in the forces some men with as much as 4½ years' service.

(ii) During the year 1947 apprentices will be called up at the age of 18 without deferment, except to the extent that on further examination some relaxation of this provision is found possible.

8. The measures outlined above will have a serious effect on industry; and this at a time when our livelihood is dependent upon our capacity to increase our export trade by 75 per cent. over pre-war figures. On the assumption that the optimistic estimates of the numbers who will volunteer for the Services are achieved, even these measures will fail to meet the requirements of the Services, it being estimated that there will be a deficiency at the end of 1947 in the Army of approximately 76,000 and in the Royal Air Force of 7,000. Moreover, owing to the vast and complex training problem which demobilisation imposes on the highly technical organisation of the Royal Air Force, this Service will lose a great deal of its effectiveness during the next two or three years, and the efficiency of the Navy and the Army will also be seriously reduced.

Financial Commitments.

9. Our total military expenditure in 1946 is over £1,200,000,000; this figure includes overseas military expenditure shown below, but does not take account of heavy charges arising from the termination of the war, amounting to an additional £576,000,000. The following approximate estimates of certain items of overseas expenditure in 1946 indicate the strain which overseas commitments impose on our balance of payments :—

	£
Overseas military expenditure, 1946	250,000,000
U.N.R.R.A., 1946	80,000,000
Expenditure in foreign exchange for Germany, 1946 (excluding military expenditure) ...	50,000,000
Greece and Polish Refugees in 1946	20,000,000
Relief and Rehabilitation in Far East in 1946	30,000,000
Colonies, 1946	15,000,000
	445,000,000

It is too early to give comparable figures for 1947, but expenditure on a number of the above items is recurrent.

10. From the foregoing review it may be seen that the United Kingdom is bearing a burden of unprecedented magnitude in the field of defence. Nevertheless, it is a burden which cannot be laid down or set aside without serious repercussions in international relations. How long the United Kingdom resources of money, man-power and materials will stand the strain of this burden is a question which is causing His Majesty's Government in the United Kingdom the gravest anxiety.

A.

Cabinet Office, S.W. 1,
21*st May*, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

C224088

The circulation of this paper has been strictly limited. It is issued for the personal use of Rt. Mackenzie King

TOP SECRET. Copy No. 58

P.M.M. (46) 32.

21*st May*, 1946.

MEETING OF PRIME MINISTERS.

UNITED KINGDOM DEFENCE OBLIGATIONS.

NOTE BY THE SECRETARIAT.

ATTENTION is drawn to the highly confidential character of the references to the United Kingdom Government's man-power policy contained in paragraphs 6 and 7 of the paper circulated on United Kingdom Defence Obligations (P.M.M. (46) 31). Information regarding this policy has *not* yet been given to Parliament, and, pending publication, it is requested that it may be treated as of special secrecy.

(Signed) C. G. EASTWOOD.
F. E. CUMMING-BRUCE.

Cabinet Office, S.W. 1,
21*st May*, 1946.

[31863—3]

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

NOTE: THE FIGURES IN THIS STATEMENT ARE OF THE HIGHEST SECRECY. THEY HAVE NOT YET BEEN GIVEN TO PARLIAMENT

TOP SECRET
JAG/SR
28.5.46

C224087

Points for discussion

A. **Defence obligations** See PMM (46) 31, 32, attached

Present military and financial commitments of United Kingdom Government

(discussed by Commonwealth Ministers at meeting on May 22, 1946).

1. Armed forces. Strength during 1947 beginning 1,194,000
   end 1,077,000

2. Announcement shortly to be made continuing compulsory military service for two years (probably required for five years and for first time in Britain's history in peace-time).

3. Total military expenditure current year £1,200,000,000
   plus additional charges, end of war (largely non-recurring) £ 576,000,000

   Of the overall figure (£1,200,000,000) expected expenditures overseas £ 250,000,000

   Other compulsory expenditures overseas (developmental and continuation of pre-1939 projects) £ 195,000,000

B. **Comments on this situation by U.K. Ministers**

Mr. Bevin:

1) Cost of overseas commitments by U.K. had formerly been met by income from foreign investments.

2) In changed circumstances, only by increased exports of manufactured goods could overseas expenditures be met.

3) This in turn implied serious strain on man-power (500,000 a year additional for export industries alone).

4) Also involved would be repayments under U.S. Loan.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

5) In these circumstances could some relief of the defence burden be achieved, as to

(a) man-power
(b) finance.

6) Mr. Bevin did not suggest either

(a) contribution to a common pool, nor
(b) any modification of present freedom of action within the Commonwealth.

But could there be a redirection of responsibilities so that each member assumed special obligations in respect of that part of the world in which it was chiefly interested.

- no return to 1939, when there had been no really co-ordinated plan of action in a common war effort.

- it would be a great re-assurance to know that each Commonwealth country had a certain force which could be speedily mobilised and concentrated in a particular area.

C. Comment by Commonwealth Ministers

1) Mr. Mackenzie King

(a) no commitments but would make contents of memorandum (P.M.M.(46) 41 known to his colleagues for careful study;

(b) Canada's own commitments were already much greater than before 1939, and the U.K. was not alone in having liabilities;

(c) Military commitments of Canada to United Nations not yet known;

(d) Could U.S. be asked to assume greater security obligations in Europe?

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

2) Dr. Evatt

(a) Australia already committed to accept a permanent obligation heavier than any before 1939;

(b) the old method of direct contribution would be out of harmony with temper in the Dominions;

(c) Suggested a "regionalisation" of defence in particular areas (as was developing in the Pacific); decentralization of control required improved methods of military liaison.

3) Mr. Nash

(a) New Zealand commitments outside defence altogether included army occupation (Japan)
UNRRA

(b) New Zealand was willing to undertake certain responsibilities in Pacific, but this would still leave U.K. responsible for lines of communication.

4) Field Marshal Smuts

(a) Members of British Commonwealth had undertaken undefined obligations to United Nations, but they had at least as great an obligation to the British group of nations.

(b) The burden on one member of the group was well-nigh intolerable; it was unfair to make the British Isles pay for the peace at the rate now indicated.

(c) The objective of every member of the Commonwealth must be the support of "one group of nations as a great power."

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D. Comment by Mr. Mackenzie King on F/M Smuts' remarks:

1) Question whether it would not be best to have a Commonwealth defence policy with <u>allocation of specific liabilities</u> was a recurrent one;

suggestions on this subject had been made as early as 1923 and again in 1926;

opposition from Dominions arose from political considerations which no government among them could overlook, even if there were military and financial advantages in such a Commonwealth system as was suggested.

2) The surest way to win the support of the Commonwealth Governments was to trust them to accept the obligations which they believed to be natural and right;

experience of the war had proved this point; a highly-centralized policy might have had a very different response from the Dominions;

if ever liberty were at stake, they could be trusted to respond wholeheartedly.

3) He believed in the closest co-ordination and closest understanding which would be achieved; but he was not in favour of reversing the tendencies of the last 20 years.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

SECRET. **Copy No.** 58

P.M.M. (46) 33.

C224091

21*st May*, 1946.

MEETING OF PRIME MINISTERS.

TIME-TABLE OF BRITISH COMMONWEALTH AND INTERNATIONAL DISCUSSIONS ON COMMERCIAL POLICY.

NOTE BY THE SECRETARIES.

WE circulate herewith the text of recent correspondence between British Commonwealth Governments on the above subject.

(Signed) NORMAN BROOK.
J. E. STEPHENSON.

Cabinet Office, S.W. 1,
21*st May*, 1946.

ANNEX.

(1)

Cypher telegram of the 9th May, 1946, from the Secretary of State for Dominion Affairs to the Minister of External Affairs, Wellington and Capetown, Ottawa, Canberra.

(D. No. 452. Secret.)

MY telegram G. No. 29. Commercial Policy.

We have now received United States recommendations as to revised programme for international discussions. These recommendations are designed to deal with difficulties arising from delays in passage of United States loan. United States Administration consider it inexpedient until loan is through to give 90 days' notice required by their legislation of intention to enter into tariff negotiations. On the other hand, tell us in strict confidence that they do not wish to give such notice shortly before their elections in November. Notice therefore cannot be given until middle of November which means tariff negotiations cannot start until about March 1947. United States Government therefore suggest following time-table :—

(*a*) 1st July to 15th August.—Meeting of Preparatory Committee of Economic and Social Council in New York to begin work assigned to it by the Council and to discuss United States proposals on general exploratory basis without necessarily aiming at definite agreement and without any detailed tariff bargaining.

(*b*) 15th August to 15th October.—Meeting of drafting sub-committee also in New York of five or six members of Preparatory Committee to draw up detailed Charter for International Trade Organisation in light of views expressed during (*a*).

(*c*) March 1947.—Second meeting of Preparatory Committee to coincide with meeting of original "drafting countries" and to consider draft Charter simultaneously with tariff negotiations.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224092

2. We see following disadvantages in this programme :—

(*a*) It has always been a cardinal point of tactics with us not to be drawn into anything like commitments on non-tariff questions ahead of detailed negotiations on tariffs. We hold the view that it is of great advantage to us and we assume to Dominions also, that negotiations on Charter of I.T.O. and non-tariff questions should proceed simultaneously with tariff negotiations.

(*b*) We therefore see strong objections to proposal to set up drafting committee of Preparatory Committee of Economic and Social Council, and consider that Governments would have to make repeated reservations in connexion with drafting of Charter until they knew to what extent tariffs were likely to be reduced.

(*c*) We doubt whether we or other countries could spare man-power for long period involved in latest United States programme.

(*d*) We are not prepared to enter into negotiations which publicly commit us on commercial policy until we know the United States loan is through, which will probably not be before July.

3. On the other hand we do not want flatly to reject United States programme. We agree with Americans that some action is necessary this year in order to prevent interest evaporating. If no progress is made either the Preparatory Committee or Economic and Social Council itself may feel called upon to intervene and disturb careful balance of proposals agreed with Americans. Also a meeting this year would provide useful opportunity for discussion with foreign countries that are less familiar with many of proposals and for ascertaining what differences of view exist.

4. We therefore propose to reply to United States Government on following lines. We share their desire to keep interest alive until tariff negotiations can take place next March, and we therefore see advantage in meeting of Preparatory Committee (which would last about four weeks) for purpose of exchanging views, removing doubts and explaining intentions of United States proposals and enlisting support for them. On other hand we oppose appointment of drafting sub-committee of Preparatory Committee for reasons explained in 2 (*b*) above. We consider July to be too early for meeting of Preparatory Committee because fate of loan may still not be known and we think Governments concerned ought to have six weeks' notice before meeting of Preparatory Committee starts. We think therefore that a decision on the date of the meeting of the Preparatory Committee should be deferred. Provided Congress has acted in time aim should be to hold meeting of Committee in early autumn preferably in London or Geneva. (We think this would probably mean October rather than September to avoid clash with General Assembly of U.N.O. and Economic and Social Council meetings.)

5. If Americans accept our views on time-table there would remain question of fixing dates for prior British Commonwealth discussions. We assume Dominion Governments would share our view that if negotiations on tariffs with foreign countries are to be postponed until March, it would be preferable also to postpone say until January British Commonwealth discussions on tariffs and preferences. We think however that there would be advantage in holding separate British Commonwealth meeting for preliminary discussion of all questions other than tariffs and preferences, which will come up at meeting of Preparatory Committee in October. We understand that it will not be convenient to Australian or New Zealand Governments to hold such meeting in August or September and we therefore suggest that we should adhere to date previously suggested, *i.e.*, the 1st July. If nearer that date loan prospects still seem highly doubtful reconsideration of date of British Commonwealth meeting would be necessary.

6. We shall be glad to learn whether Dominion Governments agree with line we propose to take in reply to latest United States suggestions and with our proposal that, subject to satisfactory developments in regard to the United States loan, British Commonwealth meeting should take place on the 1st July for discussion of commercial policy questions other than tariffs and preferences. We should be grateful for reply by the 15th May.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224093

(2)

Cypher telegram of the 11*th May*, 1946, *from the Minister of External Affairs, Ottawa, to the Secretary of State for Dominion Affairs.*

(No. 191. Secret.)

YOUR telegram circular D. No. 452 of the 9th May : Commercial Policy.

We are in general agreement with the reply you propose to make to the United States Government as outlined in paragraph 4 of your telegram, and had taken much the same attitude in discussions at the official level held here recently with Winthrop Brown, Chief of the Commercial Policy Division of the State Department. While we would be agreeable to postponement of the first preparatory committee meeting until September or October we did not press the point. We have no strong views about the site of the meeting.

We have, however, serious doubts about the need for a prior British Commonwealth meeting for the preliminary discussion of questions other than tariffs and preferences. We would find it extremely difficult to be represented adequately at such a meeting, as we do not see how we shall be able to make the man-power available. We are short-handed and would be reluctant to take the officials required away from their continuing administrative duties and from preparations for the tariff negotiations.

We do not, moreover, see any special Commonwealth interest in the non-tariff questions as such and believe that one Commonwealth meeting, called shortly before the general tariff talks to deal with the special Commonwealth trust in preferences, would provide an adequate opportunity for any Commonwealth consultation that might be felt to be necessary.

We agree with you that it is desirable that negotiations on non-tariff and tariff matters proceed simultaneously and that the agenda of the preparatory committee should be pretty narrowly defined so as not to disturb this timing. Even with a limited agenda, the preparatory committee meeting should help to maintain the interest already generated in the commercial policy proposals.

---

(3)

Cypher telegram of the 14*th May*, 1946, *from the Minister of External Affairs, Canberra, to the Secretary of State for Dominion Affairs.*

(No. 206.)

ADDRESSED to Secretary of State for Dominion Affairs, London, No. 206, repeated Australian Legation, Washington, No. 721, Minister of External Affairs, Wellington, No. 138, Minister of External Affairs, Capetown, No. 41.

Your circular D. No. 452.

1. We agree fully with you that it is unwise to be drawn into any commitment on the general principles of a future trade charter ahead of detailed tariff negotiations. We think, therefore, that :

(*a*) discussion at the first meeting of the Preparatory Committee should be confined to a general exchange of views and the connexion of the I.T.O. with the other machinery of the United Nations;

(*b*) it should be made clear to the United States and to the Preparatory Committee that no commitment on the proposed charter can be accepted without knowledge of the outcome of the tariff negotiations.

2. Regarding paragraph 4 we could not agree to enlisting support for the United States proposals in their present form prior to their substantial modification. Otherwise we concur in the lines of your proposed reply to the United States with the proviso that we desire the proposed meeting of the Preparatory Committee to be held as late in the year as possible.

3. We prefer to await the return of the Prime Minister at the end of the week before agreeing upon a date for the first British Commonwealth meeting.

[31863—4] B 2

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

(4)

Cypher telegram of the 14*th May*, 1946, *from the Minister of External Affairs, Wellington, to the Secretary of State for Dominion Affairs.*

(No. 137. Secret.)

YOUR telegram D. No. 452 : Commercial Policy.

We agree with line you propose to take in your reply to latest United States suggestions and also with your proposal that, subject to satisfactory developments regarding United States loan, British Commonwealth meeting should take place on the 1st July for discussion of commercial policy questions other than tariffs and preferences.

---

(5)

Letter of the 15*th May*, 1946, *from the High Commissioner for the Union of South Africa in London to the Secretary of State for Dominion Affairs.*

My dear Secretary of State,

Commercial Policy.

WOULD you please refer to your circular telegram D. No. 452 (reference W.T. 980/–) of the 9th May.

My Government appreciate the difficulties resulting from the delays in the decision about the American loan and would, therefore, not be opposed to a reply by the United Kingdom Government to the United States Government on the lines suggested in paragraph 4 of your telegram under reference.

My Government cannot see, however, what purpose would be served by separate Commonwealth discussions in July if tariffs and preferences are excluded. They agree that the inclusion of tariffs and preferences at this stage would be premature, but consider that the remaining questions could best be discussed after and not before these. If the general feeling amongst Dominion Governments is to the contrary my Government would wish to be informed of the Agenda visualised for the proposed Commonwealth discussions in order to enable them to reconsider their attitude.

It would also be appreciated if the United Kingdom Government could furnish us with the earliest indication of the size and nature of the delegations which would have to be sent to the projected Commonwealth Conference, if it is to be held, and to the meeting of the Preparatory Committee.

I have sent copies of this letter to the other Dominion High Commissioners.

Yours sincerely,

G. HEATON NICHOLLS.

---

(6)

Cypher telegram of the 17*th May*, 1946, *from the Secretary of State for Dominion Affairs to the Ministers of External Affairs, Ottawa, Canberra, Wellington and Capetown.*

(D. No. 499. Secret.)

MY telegram D. No. 452 and your reply : Commercial Policy.

We are most grateful for your prompt answer.

2. My immediately following telegram gives the text of our reply to the American proposals summarised in paragraph 1 of my telegram D. No. 452 which was handed to representative of United States Embassy on the 16th May. No indication was given to him that we had consulted other Commonwealth Governments before replying.

3. You will note that it contained nothing on the question of holding preliminary British Commonwealth discussions in advance of the proposed meeting of the Preparatory Committee of the Economic and Social Council. This we are treating as a matter of domestic concern within the Commonwealth.

4. On this question Canada and South Africa are doubtful about the need, in advance of the meeting of Preparatory Committee, for Commonwealth discussions in which tariffs and preferences would not be considered. Canada would also find it extremely difficult to be adequately represented while India considers July too early in view of possible political developments there. Australia is

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224095

awaiting the return of Prime Minister before expressing an opinion. New Zealand continues to favour British Commonwealth discussions beginning on 1st July. Question is to be considered at meeting with Dominion Prime Ministers in London on 28th May. We will telegraph again in the light of the views then expressed.

---

(7)

Cypher telegram of the 17*th May*, 1946, *from the Secretary of State for Dominion Affairs to the Minister of External Affairs, Ottawa, Canberra, Wellington and Capetown.*

(D. No. 500. Secret.)

MY immediately preceding telegram.

Following is text of reply given to United States authorities on time-table for commercial policy discussions :—

" (*a*) We fully appreciate the circumstances in which the United States Government have proposed this new programme and accept the necessity to postpone the detailed discussions on tariffs until March 1947. We share their desire to keep interest alive and make some progress in the meantime. But having undertaken to use our best endeavours to bring the discussions to a successful conclusion, we feel bound to say that, in our view, the new programme in its entirety would not serve to further this object.

" (*b*) We see considerable advantage in a meeting of the Preparatory Committee (lasting preferably not more than four and certainly not more than six weeks) for the purpose of (i) exchanging views and removing any doubts about the intentions of the American proposals, (ii) of expounding the considerations which led up to the Joint Statement by the United States and the United Kingdom which was issued on their publication on the 6th December, and (iii) of enlisting support of the principle of a world-wide reduction of trade barriers.

" (*c*) On the other hand we see no merit in the proposed drafting sub-committee. We do not see how such a sub-committee could do any useful work. Either there would be constant reservations which would thwart hopes of positive progress or some degree of commitment would be involved for which Governments would not be ready until commitments on actual tariff reductions were also under negotiation, that is' to say until the ' drafting ' countries meet in March. Indeed, if for such reasons Governments were led to take firm positions on points of difficulty, we feel that the establishment of a drafting sub-committee might positively impede the successful outcome of the later conference.

" (*d*) Moreover, we consider that July is too soon for the meeting of the Preparatory Committee. Owing to the close connexion between the published Proposals on Commercial Policy and the financial position we, for our part, could not attend a meeting of the Preparatory Committee appointed by the Economic and Social Council of the United Nations until Congress has acted on the Financial Agreement, and we consider that six weeks' notice should be given in order that members of the Preparatory Committee may have time to make the necessary arrangements to attend.

" (*e*) Our view is, therefore, that a decision on the date of the meeting of the Preparatory Committee should be deferred. Provided Congress has acted on the Financial Agreement in time, the aim should be to hold a meeting early in the autumn. We should have been inclined to suggest September, but as meetings in the United States of the General Assembly of the United Nations and of the Economic and Social Council have already been arranged for the 1st September, the 1st October appears to us to be the earliest practicable date.

" (*f*) We consider it extremely desirable, for reasons which we feel sure are appreciated by the United States Government, that the proposed meeting should be held in Europe (preferably in London or Geneva).

" (*g*) Meanwhile we welcome their proposal that we and they should continue to have informal exchanges of views with other countries such as have already served to remove misunderstandings and to promote the ideas which both countries share."

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

C224096

The circulation of this paper has been strictly limited. It is issued for the personal use of ..... Mr. MacKenzie King .....

TOP SECRET. Copy No. 77

P.M.M. (46) 16th Meeting.

MEETING OF PRIME MINISTERS.

MINUTES of the Sixteenth Meeting held at No. 10 *Downing Street, S.W.* 1, *on Tuesday,* 21*st May,* 1946, *at* 11 *a.m.*

Present:

The Right Hon. C. R. ATTLEE, M.P., Prime Minister of the United Kingdom (*in the Chair*).

United Kingdom.

The Right Hon. ERNEST BEVIN, M.P., Secretary of State for Foreign Affairs.
The Right Hon. VISCOUNT ADDISON, Secretary of State for Dominion Affairs.
The Right Hon. G. H. HALL, M.P., Secretary of State for the Colonies.
Mr. ARTHUR HENDERSON, K.C., M.P., Parliamentary Under-Secretary of State for India.
Admiral of the Fleet VISCOUNT CUNNINGHAM OF HYNDHOPE, Chief of Naval Staff.
Marshal of the Royal Air Force LORD TEDDER, Chief of the Air Staff.
Lieutenant-General F. E. W. SIMPSON, Vice-Chief of the Imperial General Staff.
General Sir HASTINGS ISMAY, Chief of Staff to the Minister of Defence.
Sir ERIC MACHTIG, Permanent Under-Secretary of State for Dominion Affairs.
Mr. OLIVER HARVEY, Foreign Office.

Canada.

The Right Hon. W. L. MACKENZIE KING, Prime Minister of Canada.
Mr. N. A. ROBERTSON, Under-Secretary for External Affairs.
The Right Hon. VINCENT MASSEY, High Commissioner for Canada.
Mr. J. W. PICKERSGILL, Private Secretary to Prime Minister.
Mr. J. W. HOLMES, Office of the High Commissioner for Canada.

Australia.

The Right Hon. H. V. EVATT, Minister of External Affairs.
The Right Hon. J. A. BEASLEY, High Commissioner for Australia.
Mr. J. D. L. HOOD, External Affairs Liaison Officer in London.
Dr. J. W. BURTON, Department of External Affairs.

New Zealand.

The Right Hon. W. NASH, Deputy Prime Minister of New Zealand.
Mr. F. SHANAHAN, Secretary of Cabinet.
Mr. F. H. CORNER, Department of External Affairs.

South Africa.

Field-Marshal The Right Hon. J. C. SMUTS, Prime Minister of South Africa.
Mr. G. HEATON NICHOLLS, High Commissioner for South Africa.
Mr. D. D. FORSYTH, Secretary for External Affairs.
Mr. R. JONES, Office of the High Commissioner for South Africa.

[31898—2]

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224097

Secretariat.

Sir NORMAN BROOK.
Sir JOHN STEPHENSON.
Major-General Sir LESLIE HOLLIS.
Mr. C. G. EASTWOOD.
The Hon. F. E. CUMMING-BRUCE.

Policy towards Germany.

The Meeting had a discussion on the present situation in Germany and the future policy to be adopted towards that country.

The proceedings are recorded in a Confidential Annex.

Cabinet Office, S.W. 1,
21*st May*, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

C224098

The circulation of this paper has been strictly limited. It is issued for the personal use of Official Secretary, Canadian Del.

TOP SECRET. Copy No. 60

P.M.M. (46) 16th Meeting.

MEETING OF PRIME MINISTERS.

MINUTES of the Sixteenth Meeting held at No. 10 Downing Street, S.W. 1, on Tuesday, 21st May, 1946, at 11 a.m.

Present:

The Right Hon. C. R. ATTLEE, M.P., Prime Minister of the United Kingdom (*in the Chair*).

United Kingdom.

The Right Hon. ERNEST BEVIN, M.P., Secretary of State for Foreign Affairs.
The Right Hon. VISCOUNT ADDISON, Secretary of State for Dominion Affairs.
The Right Hon. G. H. HALL, M.P., Secretary of State for the Colonies.
Mr. ARTHUR HENDERSON, K.C., M.P., Parliamentary Under-Secretary of State for India.
Admiral of the Fleet VISCOUNT CUNNINGHAM OF HYNDHOPE, Chief of Naval Staff.
Marshal of the Royal Air Force LORD TEDDER, Chief of the Air Staff.
Lieutenant-General F. E. W. SIMPSON, Vice-Chief of the Imperial General Staff.
General Sir HASTINGS ISMAY, Chief of Staff to the Minister of Defence.
Sir ERIC MACHTIG, Permanent Under-Secretary of State for Dominion Affairs.
Mr. OLIVER HARVEY, Foreign Office.

Canada.

The Right Hon. W. L. MACKENZIE KING, Prime Minister of Canada.
Mr. N. A. ROBERTSON, Under-Secretary for External Affairs.
The Right Hon. VINCENT MASSEY, High Commissioner for Canada.
Mr. J. W. PICKERSGILL, Private Secretary to Prime Minister.
Mr. J. W. HOLMES, Office of the High Commissioner for Canada.

Australia.

The Right Hon. H. V. EVATT, Minister of External Affairs.
The Right Hon. J. A. BEASLEY, High Commissioner for Australia.
Mr. J. D. L. HOOD, External Affairs Liaison Officer in London.
Dr. J. W. BURTON, Department of External Affairs.

New Zealand.

The Right Hon. W. NASH, Deputy Prime Minister of New Zealand.
Mr. F. SHANAHAN, Secretary of Cabinet.
Mr. F. H. CORNER, Department of External Affairs.

South Africa.

Field-Marshal The Right Hon. J. C. SMUTS, Prime Minister of South Africa.
Mr. G. HEATON NICHOLLS, High Commissioner for South Africa.
Mr. D. D. FORSYTH, Secretary for External Affairs.
Mr. R. JONES, Office of the High Commissioner for South Africa.

[31898—2]

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

C224098

The circulation of this paper has been strictly limited. It is issued for the personal use of Official Secretary, Canadian Del.

TOP SECRET. Copy No. 60

P.M.M. (46) 16th Meeting.

MEETING OF PRIME MINISTERS.

MINUTES of the Sixteenth Meeting held at No. 10 Downing Street, S.W. 1, on Tuesday, 21st May, 1946, at 11 a.m.

Present:

The Right Hon. C. R. ATTLEE, M.P., Prime Minister of the United Kingdom (*in the Chair*).

United Kingdom.

The Right Hon. ERNEST BEVIN, M.P., Secretary of State for Foreign Affairs.
The Right Hon. VISCOUNT ADDISON, Secretary of State for Dominion Affairs.
The Right Hon. G. H. HALL, M.P., Secretary of State for the Colonies.
Mr. ARTHUR HENDERSON, K.C., M.P., Parliamentary Under-Secretary of State for India.
Admiral of the Fleet VISCOUNT CUNNINGHAM OF HYNDHOPE, Chief of Naval Staff.
Marshal of the Royal Air Force LORD TEDDER, Chief of the Air Staff.
Lieutenant-General F. E. W. SIMPSON, Vice-Chief of the Imperial General Staff.
General Sir HASTINGS ISMAY, Chief of Staff to the Minister of Defence.
Sir ERIC MACHTIG, Permanent Under-Secretary of State for Dominion Affairs.
Mr. OLIVER HARVEY, Foreign Office.

Canada.

The Right Hon. W. L. MACKENZIE KING, Prime Minister of Canada.
Mr. N. A. ROBERTSON, Under-Secretary for External Affairs.
The Right Hon. VINCENT MASSEY, High Commissioner for Canada.
Mr. J. W. PICKERSGILL, Private Secretary to Prime Minister.
Mr. J. W. HOLMES, Office of the High Commissioner for Canada.

Australia.

The Right Hon. H. V. EVATT, Minister of External Affairs.
The Right Hon. J. A. BEASLEY, High Commissioner for Australia.
Mr. J. D. L. HOOD, External Affairs Liaison Officer in London.
Dr. J. W. BURTON, Department of External Affairs.

New Zealand.

The Right Hon. W. NASH, Deputy Prime Minister of New Zealand.
Mr. F. SHANAHAN, Secretary of Cabinet.
Mr. F. H. CORNER, Department of External Affairs.

South Africa.

Field-Marshal The Right Hon. J. C. SMUTS, Prime Minister of South Africa.
Mr. G. HEATON NICHOLLS, High Commissioner for South Africa.
Mr. D. D. FORSYTH, Secretary for External Affairs.
Mr. R. JONES, Office of the High Commissioner for South Africa.

[31898—2]

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224099

Secretariat.

Sir NORMAN BROOK.
Sir JOHN STEPHENSON.
Major-General Sir LESLIE HOLLIS.
Mr. C. G. EASTWOOD.
The Hon. F. E. CUMMING-BRUCE.

Policy towards Germany.

The Meeting had a discussion on the present situation in Germany and the future policy to be adopted towards that country.

The proceedings are recorded in a Confidential Annex.

Cabinet Office, S.W. 1,
21*st May*, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

C224100

The circulation of this paper has been strictly limited. It is issued for the personal use of W. Mackenzie King

TOP SECRET. Copy No. 19

P.M.M. (46) 16th Meeting.

MEETING OF PRIME MINISTERS.

CONFIDENTIAL ANNEX.

(21st May, 1946—11 a.m.)

Policy towards Germany.

MR. BEVIN recalled that the present policy in Germany was founded on the decisions taken at Potsdam in August, 1945. The four zones into which the country was divided were in many respects very differently administered. Each of the Powers had a different approach. We knew little of the method adopted in the Russian zone. Of the other zones the British zone was in many respects the most critical because it contained the Ruhr and the Rhineland. Much depended on the future of the Ruhr. With complete control of it, a re-united Germany could quite well become again a danger to Europe. Equally, if it passed for any reason under Russian control, Western Europe would be faced with an even greater menace than Germany under Hitler had been.

The French had been pressing for the separation of the Ruhr from the rest of Germany both politically and industrially. Mr. Bevin said that he had so far declined to consider this. He had himself prepared various possible schemes for controlling the industrial production of the Ruhr. There was an immense industrial potential there and it seemed to him that there were only two alternatives, first to destroy much of that potentiality and to leave only that amount which could be absorbed by a largely de-industrialised Germany; and secondly, to make some arrangement whereby its full potentialities could be used for the benefit of Europe as a whole. It was his dream that this latter course might be possible. The Ruhr might become the Pittsburgh of Europe. It seemed to him wrong to adopt a course which meant wasting this great potential wealth.

One reason why he had not agreed to discuss the French proposal for the separation of the Ruhr was that he had declined to discuss with the other Powers the British zone apart from the other three zones. Sooner or later the Allies must decide whether Germany was to be divided or not. He felt that it would be fatal to allow Russia to intervene in the administration of the Western zones while consolidating her position in the Eastern zone and in all the territory which she held from Stettin to the Adriatic.

Mr. Bevin said that on the Control Commission the United Kingdom representative had been in favour of the re-establishment of different political parties in Germany provided that they had not been identified with the Nazi régime. In Berlin, however, and in the Russian zone, the Russians were supporting only the United Socialist and Communist party and they were carrying on a determined propaganda to ensure that it was the dominant party in the other zones too, no doubt with the idea that, whatever Power had the nominal control of the zone, they would control the main political party in it.

Mr. Bevin explained that the British zone was far from being a self-supporting economic unit at the present time. Its population, which before the war had been about 19 millions had now risen to some 23 millions. It was

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

not primarily an agricultural zone and was dependent for its food supply on imports. These in the past had come from the East, but at the moment no food was coming out of the Russian zone. We had been pressing for free exchange between the four zones but so far had not succeeded in obtaining it. At the same time the British zone could not utilise to the full its industrial production which might have enabled it to pay for the food it required. There had been a long controversy as to the permitted level of German industry. Steel production had been taken as the main yardstick of this. The figure originally fixed by the United Kingdom as the minimum required for maintaining the economic life of Germany as a whole was 11 million tons a year. The American and Russian figures had been 5·8 million tons. The United Kingdom Government had taken the view that on this basis Germany could not have supported a reasonable standard of life and that the consequent charge on the United Kingdom Exchequer for the maintenance of the British zone alone would have been of the order of £100 million a year. The United Kingdom figure had then been reduced to 9 million tons and eventually agreement had been reached at a figure of 7·5 million tons. At the same time it had been agreed that additional plants, *e.g.*, for the production of fertilisers, might be retained. Taking this into account the United Kingdom Government had thought that this figure was not unworkable.

For the most part, Mr. Byrnes had taken a very reasonable line on German questions. In discussion with M. Stalin in Moscow Mr. Byrnes had said that the United States could not look on and watch the German problem being solved by the slow starvation of millions : a way must be found which would not affect adversely the security of the Allied Powers, yet would allow a reasonable standard of living to Germany. Otherwise the German people would be driven to desperation, with incalculable results for the future of Europe. Mr. Byrnes had told M. Stalin that he did not favour the French plan for the permanent separation of portions of Germany but that the French were, in his view, entitled to an absolute guarantee of their security. They should not have to fear an American withdrawal from European politics such as occurred between the two wars. He had therefore put forward the idea of a 25-year treaty between the four Powers for the de-militarisation and disarmament of Germany. M. Stalin had seemed to welcome the idea. When later Mr. Byrnes had sent Mr. Bevin a draft of such a treaty, he had asked him to regard it as a document of great secrecy. At the recent meetings in Paris, however, Mr. Byrnes had laid his draft on the table. There had immediately been a strong reaction from M. Molotov. There had been a heated discussion between Mr. Byrnes and M. Molotov, and it became clear that Russia would not enter into any arrangement of this type with the three Western Powers. Mr. Byrnes had appeared somewhat discouraged that his draft had not received a public welcome from the United Kingdom Government, apparently forgetting that it had been given to them in great confidence. A public statement that the draft had the warm approval of the Government of the United Kingdom had now been made in the House of Commons.

Mr. Bevin said that following on Mr. Byrnes's proposal for a four-power treaty there had been some general discussion on the future of Germany at the Council of Foreign Ministers.

There had been some pressure for the future of the Ruhr to be considered separately. Mr. Bevin, however, had consistently maintained the view that he was not prepared to discuss the future of the Ruhr except as part of a discussion regarding the future of Germany as a whole, which would include, for instance, the future of industrial districts in the Russian zone such as Saxony and Thuringia. His view was that there must be as frank a discussion of the future of one part of Germany as of another.

Mr. Bevin said that he could not attempt to say whether Russian policy was to favour a united or a dismembered Germany. The Communists in Germany were preaching in favour of a united Germany but the Communists in France in favour of a dismembered Germany. He thought that the Russian Government had not, at the moment, determined their policy. It seemed that they were attempting to consolidate what they held in the Eastern zone and the satellite States and were attempting simultaneously to claim some say in the administration of the Western zones

For himself, Mr. Bevin said that he thought that the solution might lie in the creation of a united but federalised Germany with the minimum powers in the centre and the maximum powers in the provinces.

In the last sessions of the Council Mr. Byrnes had put forward certain further proposals for Germany. The gist of these had been that unless agreement could be reached that Germany was to be treated as a whole both politically

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224102

and economically, the United States would have to cease the dismantling of German industry for reparations and the delivery to the Russians of their share.

Mr. Byrnes had also proposed that Deputies should be appointed for the study of certain questions relating to Germany, but this had not obtained Russian approval. Simultaneously, he had proposed that a Conference for the discussion of a Peace Treaty with Germany should be summoned for the 12th November. This proposal, too, had not been approved. Mr. Bevin had now told Mr. Byrnes first, that he did not favour the fixing of a precise date for a Conference on Germany, and secondly, that in his view discussion of a peace settlement with Germany should be in three stages: a preliminary Conference of all the belligerents, followed by a smaller meeting of drafting countries, followed by a second Conference to consider the drafts thus prepared.

MR. MACKENZIE KING said that he had been much impressed by Mr. Bevin's clear review. His own views were, in general, completely in accord with those expressed by Mr. Bevin.

He felt strongly that Germany must be maintained as a whole. If any other policy was followed, grave problems would be sure to arise in the future. A policy of splitting the country up would be foredoomed to failure. Germany would remain an entity by the strength of her national sentiment. He did not think that the German people as a whole, as distinct from certain groups, would want war if they had work.

He was in entire agreement as to the importance of getting German industrial production under way as soon as possible. Until that was done we should have continual demands for relief of one kind or another. Once Europe began to supply itself with its own needs and exchange of commodities between Germany and other countries began again, many difficult problems would find a natural solution.

Mr. Mackenzie King expressed his full concurrence with the view that there must be complete reciprocity between the zones; if, for example, the Russians were to have any voice in the affairs of the British zone, the United Kingdom must have an equal say in the affairs of the Russian zone. He said that the choice clearly lay between a world based on goodwill and one split into two groups, Communist Russia and the rest. A striking illustration of Russian methods had been afforded by the recent unearthing in Canada of underground activities on an unsuspected scale. Individuals in positions of confidence had been involved. Some of them seemed to have been motivated by the highest ideals, although they had failed to realise the true character of the system they were supporting. If an impression should get abroad that the democracies were displaying impatience and lack of understanding in their relations with Russia, they might find among their own people sympathy of surprising magnitude with Russian ideals.

Reference had been made by Dr. Evatt at the previous meeting to the unfortunate fact that important decisions on the post-war settlements had been taken during the war without the participation of Commonwealth Governments and those of other lesser Powers. Mr. Mackenzie King was also sorry that that had been necessary, and he thought that the United Kingdom Government shared this view. But he recognised that, at times, decisions had had to be taken in the light of pressing current situations. No doubt if the end of the war could have been foreseen different decisions might have been taken in one or two cases, but, as it was, we were bound by them. He was also very sympathetic with the view of Dr. Evatt that the Peace Conference regarding Italy and the Balkans should not be a mere formality; the participating Governments must have an effective opportunity to express their views. He suggested that British Commonwealth Governments probably attached no less importance to this issue than European countries concerned with the Peace Conference; the latter were so fully occupied with their own immediate problems of reconstruction that he did not think that they expected to be more fully consulted at this stage. In all the circumstances, he was inclined to the view that it would be a mistake to hasten the final settlements. Time was a healing influence. The apparent lack of success of the meetings of the Council of Foreign Ministers was no doubt unfortunate. Nevertheless the delay had its advantages. For instance, it had made it possible for the Prime Ministers of the British Commonwealth to meet United Kingdom Ministers. They could now speak with knowledge not only of the facts of the situation, but also of the way in which Mr. Bevin was dealing with them. Mr. Bevin, for his part, would be aware of their views, and

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224103

the United Kingdom Government's policy in the settlement would be influenced by the views of Commonwealth Governments.

At the same time, he sympathised with the views expressed by Mr. Nash as to the inconvenience of the indefinite dates for the Conference. It would have been preferable for the British Commonwealth consultations to have been held immediately before or after the Peace Conference or possibly, as sometimes at Geneva in the past, during the session of the Conference.

Mr. Mackenzie King was doubtful as to the wisdom of trying to hold a Peace Conference without the prior general agreement of all the four Powers. If the Council of Foreign Ministers could not reach agreement, there was little prospect of agreement emerging from the wider Conference. He was becoming doubtful as to the efficiency of open conferences as a medium of international negotiation in its early stages. The reaction against the methods of the old secret diplomacy had, he thought, gone too far. It was difficult for Governments to recede from positions which had been publicly taken up. There were thus advantages in some degree of secrecy until general lines of agreement were apparent. A happy mean must be found.

Mr. Mackenzie King felt strongly that, if there should be an eventual breakdown of negotiations owing to Russia's attitude, negotiations should be so conducted that it should be manifestly Russia who was in the wrong. He believed that if at every meeting she raised difficulty after difficulty, other nations would become increasingly impatient and that that circumstance, in its turn, might influence Russia's own attitude. Admittedly there was the risk that delay would enable her to consolidate her position in occupied territories. Nevertheless he did not believe in haste. It was at this moment most difficult to distinguish which movements in current affairs were important. With the passage of time this would become clearer. He believed that the balance of advantage lay in caution. The settlement, when reached, would govern the world situation for years to come. If there was no settlement, the future was dark indeed. A policy of consistent, cautious and patient effort might in the end bring success.

Dr. EVATT referred to the views expressed by Mr. Chifley and himself in the previous discussion of the subject. A policy of balkanising Germany would be a sure way to encourage a recrudescence of nazism : and according to his reading of the Potsdam Agreement, it would be contrary to its provisions. Germany should be treated as a whole

He thought that Mr. Bevin's idea of two Conferences of the active belligerents in the case of Germany would, if applied, be a step forward. He was not sure that time was on our side in the matter of the peace settlements. Europe needed stabilisation and the continued uncertainty must operate against this. Delay would not prevent awkward issues being brought to the point of decision, for the Security Council might at any time be asked to deal with them as situations likely to endanger the peace of the world. This was one result of the establishment of the United Nations Organisation before the peace settlement. It was now nearly three years since Italy had been conquered; and Dr. Evatt expressed the hope that it would be possible to call together a Peace Conference for the Italian Treaty as soon as possible.

He wished again to state that the objectives in the settlement should be based solely on considerations of justice. He recognised the difficulties on the score of Russia. The Soviet Government should not be permitted to outmanœuvre the other participants in the settlement. But to adopt a hostile attitude towards Russia would produce just the consequences which it was desired to avoid. As Mr. Chifley had said, any assumption of an ultimate struggle between East and West would be a counsel of despair. He had previously expressed his dislike of the suggestion on page 3 of the paper circulated as P.M.M. (46) 21 that the danger from Russia had become as great as the danger from a revived Germany. He realised that this paper did not necessarily represent the view of the United Kingdom Government. He did not think the proposition correct in application to either Europe or the Pacific. While it might be a prophecy, he did not accept it as a fact. Were the argument accepted, problems would be tackled in terms of strategy and not in terms of what was just. It would be dangerous to give grounds for the propaganda that preparations were already being made for the next struggle and that Russia would be the enemy.

FIELD-MARSHAL SMUTS said that he was in general agreement with the position taken up by Mr. Bevin. They had now heard from him accounts of

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

the proceedings of the Council of Foreign Ministers in regard both to the Mediterranean basin and South-Eastern Europe and also to Germany. Speaking personally, he was in agreement with his policy and he felt that they were profoundly indebted to Mr. Bevin for the line which he had taken in these discussions and the courage and tenacity which he had shown in standing up for the interests of the British Commonwealth and, indeed, of the ideals for which they stood. He himself got the impression that the United States could not be relied upon to carry their full weight in these negotiations; they did not seem to have made up their mind on a policy; they seemed to be still experimenting. If a fair settlement was to be brought out of the chaos and disorder of the present world, it would be largely through the efforts of the British group of nations. The Commonwealth might at the moment be somewhat reduced in apparent power; they were all exhausted by the conflict in which they had spent every ounce of their strength. Nevertheless, they had between them great experience in the arts of human government; they had imponderable resources on their side, which still enabled them to make the major contribution to the peace.

Field-Marshal Smuts said that he looked on the general position as grave in the extreme. There had been such a shift of power in the world to-day that it made it very difficult indeed to see clearly into the future. He thought it would be rash to condemn Russia out of hand for the line she was taking, but he had no doubt that, unless a stand was made against the tendencies of power politics as they appeared at the moment, the future held out gloomy prospects to us. It might, indeed, still be too early to say who had won and who had lost the war; we might in the future find that we had been the victims of it. If the ideals for which we stood were not maintained, the world would have lost immeasurably. The peace settlement, therefore, might be more important than the war. He was glad that the British Commonwealth were aligned on the right side. The United Kingdom Government was putting up a fight which was worth while and he felt that other Commonwealth Governments should be most grateful to them for the line they were taking.

As to the future of Germany, he agreed that it would be wrong to envisage a fully centralised Germany as it had been under Bismarck or Hitler. The German people were by nature a formidable people on account of their many qualities, their power of organisation and their intelligence, and under a highly centralised State they might again become a menace to peace. We should aim at a Germany which, while remaining united, was to a large extent decentralised. We should also aim at a Germany which could maintain a possible standard of living. He was sure that Mr. Bevin was right to insist that, if Russia were to have a say in the administration of the British zone, then we must have an equal say in the administration of her zone.

Field-Marshal Smuts said that he had spent four days in Germany in the previous week and had had discussions with the Commander-in-Chief and Sir Brian Robertson and with many of their advisers. The impression he had gathered was that, quite apart from the nature of the peace settlement, there was an immediate problem in the zone which required urgent and most serious attention. It was the most difficult zone, containing a large population in an industrialised area; its industries were being dismantled and its livelihood thus taken away. The position, he thought, was worse now than it had been. The resources on which they had lived during the first few months were used up. The German attitude was also getting worse because conditions were getting worse.

The food situation had been most menacing. He hoped that now, through the negotiations of Mr. Morrison in Washington, that might to some extent right itself. But the coal situation seemed to him to be equally difficult. Not only were the industries being dismantled, but the coal that they could use in their remaining industries was being sent out of the country. He thought that matters had reached a very dangerous pass and, unless there were a moratorium on the export of coal, we might soon find ourselves with a completely derelict zone with a huge and hungry population, gradually relapsing into anarchy and perhaps communism.

An industrial standard had been laid down which in the end might prove ruinous to the British zone and create there an intolerable problem for us. He did not see how, on this level of industry, we could possibly be responsible for feeding the people and keeping them from anarchy—and still export coal. We must remember that, whatever the real truth of the matter, the whole blame for conditions in the zone would fall on us. People would not realise that we had been saddled with an impossible situation. They would compare conditions in the

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

British zone with conditions in the East, where the situation might well appear much better.

Field-Marshal Smuts said that, in his view, the situation called for great care and he could not help feeling that a reversal of some of the decisions taken at Potsdam was called for. He hoped that he did not paint the picture in too dark colours. But the outlook was, in truth, gloomy. If the other Powers clamoured for the further dismantling of the Ruhr and for the continued export of coal, our zone might well become a quite unworkable proposition.

On the long-range questions, he was in full agreement with Mr. Bevin. It was only on these practical immediate questions that he felt qualms whether our present policy was on the right basis. He ventured to suggest that we should have a short-range plan from our men on the spot dealing not so much with the shaping of the peace as with the practical problems of the administration of the zone in the next few months. He feared that, within a matter of months, we might be in a sorry state in the zone. He instanced the city of Hamburg, a city of 2 million people, which was now fast becoming a dead city, with its industries dismantled, its population unemployed and the town itself largely destroyed by bombing. The people had been living on their resources, but these were now exhausted. Field-Marshal Smuts said that he did not wish to see the United Kingdom blamed, however wrongly, because their zone became derelict.

MR. ATTLEE asked whether the urgency of these immediate problems did not constitute an argument against delay in the peace settlement.

FIELD-MARSHAL SMUTS said that he had doubts in his mind whether it would be a wise move to press for a conference while there were such deep-seated differences in policy between the principal Allies. While they had not been thrashed out, would a general conference help or would it increase the dangers? Would it bring wisdom out of apparent chaos? Or would not tempers perhaps get worse?

At this dangerous point the fundamental question was whether there should be one Europe or two Europes, one world or two worlds. This was not a question which a general conference could resolve while a state of high tension continued. If it appeared, when the Council of Foreign Ministers met again in June, that fundamental differences remained insoluble between the four Powers a conference might result in dividing Europe into two. By a conference leading to that result we should have stereotyped the lines of the future in a manner that we were all most anxious to avoid. It was for these reasons that, like Mr. Mackenzie King, he was for marking time. We could not read the mind of Russia. Perhaps at present we were misreading it and the phase of expansion would pass. At the June session of the Council the United Kingdom should do all she could to come to a general settlement. If it appeared that Russia remained irreconcilable, then the Commonwealth countries could put their heads together again.

Field-Marshal Smuts recalled that he had said three years ago that he doubted whether the peace would be settled by Peace Conferences after the war. What had happened since had deepened his doubts. He was now the more inclined to wonder whether it was not better to take more time and to allow a little drift.

MR. NASH said that he himself believed that a satisfactory peace settlement was more likely to be secured by the method of public discussion at a Peace Conference than by secret diplomacy or by seeking to impose on the other belligerents decisions taken initially by the four Powers. He also believed that the Soviet Government were more likely to be brought to a reasonable attitude in public discussions among the 21 belligerent States. It was these considerations which had led him to favour the early holding of a Peace Conference to consider the peace settlements for the ex-enemy satellite States in Europe. As regards the German settlement, he supported Mr. Bevin's suggestion of two full conferences. At the first conference, which might be held in the autumn of 1946, there could be a preliminary exchange of views; and there might then be an interval, during which detailed drafting could be undertaken, before the final settlement was attempted at the second conference.

Mr. Nash said that he would be strongly opposed to any attempt to dismember Germany. The feelings of the German people in favour of a unitary Germany were far too strong for such an attempt to succeed. And a unitary Germany need not be dominated in the future as in the past, by Prussia. Our policy should be to re-educate the German people; and we should remember that before 1914 the Social Democrat movement had been stronger in Germany than anywhere else in

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224106

the world. He saw no reason to abandon our hope of finding a satisfactory solution of the long-term problem in Germany. Though he regretted the policies which the Soviet Government appeared to be following at the present time, this might be only a passing phase, and we should persevere in trying to bring about a better mutual understanding between ourselves and Russia. We had, in his view, made a mistake at the Berlin Conference in conceding so much of the territorial claims of the Soviet Government; we should always remember that they had annexed half of Poland before they entered the war on the Allied side. Our main difficulty was that the Russian people themselves were unaware of the real facts of the situation and we had no means of putting the facts before them. He did not believe, however, that Communism was gaining ground in Europe. It was significant that the Czechs, even though they believed that they were betrayed by us and delivered by the Russians, were unwilling even so to embrace the Communist ideology. We should not, he thought, adopt a policy of appeasement towards the Soviet Government.

LORD ADDISON said that, so far as concerned Germany, two points had emerged from the discussion. First, in the immediate future we must do everything possible to avoid a breakdown in the British Zone of Germany; for failure of our administration there would prejudice the chances of a satisfactory long-term solution. He therefore supported Field-Marshal Smuts's proposal that we should at once prepare an emergency programme for dealing with the immediate situation in the British Zone; and he added the further suggestion that we should see whether the United States authorities would co-operate with us in framing a short-term plan which would be applicable to their zone as well as ours. Secondly, as regards the long-term problems, he strongly supported the views which had been expressed by Mr. Bevin. He agreed with what Mr. Nash had said about Communism in Europe; but that, in his view, strengthened the case for not seeking to force a settlement of the long-term problem. The Soviet Government might themselves be compelled to modify their attitude in time, and an attempt to force an early settlement might have the effect of consolidating their position in Eastern Germany. In this matter time was on our side.

Lord Addison said that he saw great danger in premature discussion of these difficult issues at a Peace Conference. If it appeared, at the meeting of the Council of Foreign Ministers in June, that the four Powers were substantially nearer to agreement on the main lines of the peace settlements for the ex-enemy satellite States in Europe, it might well be advantageous to hold an early conference on those settlements; but he would prefer to see how things went at the Council's next meeting before he finally made up his mind on this point.

MR. HALL endorsed the views expressed by Lord Addison. The most urgent need was to seek some solution of the short-term economic problems of Germany. The existing position was most unsatisfactory; and it was intolerable that the British taxpayer should have to continue to find £80 million a year for the British Zone. Far from receiving any reparations from Germany, the United Kingdom were in effect paying reparations to Germany; and this was a situation which could not be allowed to continue.

As regards long-term problems, he supported the line which Mr. Bevin had been taking in the discussions in Paris. He and all his colleagues in the United Kingdom Government were deeply grateful to Mr. Bevin for the tenacity and skill with which he had presented the British case in the course of these difficult negotiations; and he had been glad to hear that these feelings were shared by the representatives of the Dominion Governments now in London.

MR. BEVIN thanked Dominion Ministers for their most valuable contributions to the discussion of these difficult problems. He was clear that we could no longer afford the policy of appeasement to Russia which we had had to adopt during the war. We could not expect the change to be popular with Russia.

He did not know what conclusion to draw as to the ultimate aim of Russian policy. It was dictated, he thought, partly by fear, partly by expansionism and partly by the Communist philosophy. A very powerful machine had been built up and it might be difficult to change its direction. But there were great internal problems and stresses in Russia and they might cause a change. Policy was still rigidly controlled from the Kremlin—which added to the difficulty of negotiation —and it might be changed if M. Stalin thought it expedient.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

C224107

The circulation of this paper has been strictly limited. It is issued for the personal use of ..... Mr. MacKenzie King .....

TOP SECRET. Copy No. 58

P.M.M. (46) 16th Meeting.

MEETING OF PRIME MINISTERS.

MINUTES of the Sixteenth Meeting held at No. 10 *Downing Street, S.W.* 1, *on Tuesday,* 21*st May,* 1946, *at* 11 *a.m.*

Present:

The Right Hon. C. R. ATTLEE, M.P., Prime Minister of the United Kingdom (*in the Chair*).

United Kingdom.

The Right Hon. ERNEST BEVIN, M.P., Secretary of State for Foreign Affairs.
The Right Hon. VISCOUNT ADDISON, Secretary of State for Dominion Affairs.
The Right Hon. G. H. HALL, M.P., Secretary of State for the Colonies.
Mr. ARTHUR HENDERSON, K.C., M.P., Parliamentary Under-Secretary of State for India.
Admiral of the Fleet VISCOUNT CUNNINGHAM OF HYNDHOPE, Chief of Naval Staff.
Marshal of the Royal Air Force LORD TEDDER, Chief of the Air Staff.
Lieutenant-General F. E. W. SIMPSON, Vice-Chief of the Imperial General Staff.
General Sir HASTINGS ISMAY, Chief of Staff to the Minister of Defence.
Sir ERIC MACHTIG, Permanent Under-Secretary of State for Dominion Affairs.
Mr. OLIVER HARVEY, Foreign Office.

Canada.

The Right Hon. W. L. MACKENZIE KING, Prime Minister of Canada.
Mr. N. A. ROBERTSON, Under-Secretary for External Affairs.
The Right Hon. VINCENT MASSEY, High Commissioner for Canada.
Mr. J. W. PICKERSGILL, Private Secretary to Prime Minister.
Mr. J. W. HOLMES, Office of the High Commissioner for Canada.

Australia.

The Right Hon. H. V. EVATT, Minister of External Affairs.
The Right Hon. J. A. BEASLEY, High Commissioner for Australia.
Mr. J. D. L. HOOD, External Affairs Liaison Officer in London.
Dr. J. W. BURTON, Department of External Affairs.

New Zealand.

The Right Hon. W. NASH, Deputy Prime Minister of New Zealand.
Mr. F. SHANAHAN, Secretary of Cabinet.
Mr. F. H. CORNER, Department of External Affairs.

South Africa.

Field-Marshal The Right Hon. J. C. SMUTS, Prime Minister of South Africa.
Mr. G. HEATON NICHOLLS, High Commissioner for South Africa.
Mr. D. D. FORSYTH, Secretary for External Affairs.
Mr. R. JONES, Office of the High Commissioner for South Africa.

[31898—2]

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224103

Secretariat.

Sir NORMAN BROOK.
Sir JOHN STEPHENSON.
Major-General Sir LESLIE HOLLIS.
Mr. C. G. EASTWOOD.
The Hon. F. E. CUMMING-BRUCE.

Policy towards Germany.

The Meeting had a discussion on the present situation in Germany and the future policy to be adopted towards that country.

The proceedings are recorded in a Confidential Annex.

Cabinet Office, S.W. 1,
21*st May*, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

C224109

The circulation of this paper has been strictly limited. It is issued for the personal use of W. L. Mackenzie King

TOP SECRET. Copy No. 18

P.M.M. (46) 16th Meeting.

MEETING OF PRIME MINISTERS.

CONFIDENTIAL ANNEX.

(21st May, 1946—11 a.m.)

Policy towards Germany.

MR. BEVIN recalled that the present policy in Germany was founded on the decisions taken at Potsdam in August, 1945. The four zones into which the country was divided were in many respects very differently administered. Each of the Powers had a different approach. We knew little of the method adopted in the Russian zone. Of the other zones the British zone was in many respects the most critical because it contained the Ruhr and the Rhineland. Much depended on the future of the Ruhr. With complete control of it, a re-united Germany could quite well become again a danger to Europe. Equally, if it passed for any reason under Russian control, Western Europe would be faced with an even greater menace than Germany under Hitler had been.

The French had been pressing for the separation of the Ruhr from the rest of Germany both politically and industrially. Mr. Bevin said that he had so far declined to consider this. He had himself prepared various possible schemes for controlling the industrial production of the Ruhr. There was an immense industrial potential there and it seemed to him that there were only two alternatives, first to destroy much of that potentiality and to leave only that amount which could be absorbed by a largely de-industrialised Germany; and secondly, to make some arrangement whereby its full potentialities could be used for the benefit of Europe as a whole. It was his dream that this latter course might be possible. The Ruhr might become the Pittsburgh of Europe. It seemed to him wrong to adopt a course which meant wasting this great potential wealth.

One reason why he had not agreed to discuss the French proposal for the separation of the Ruhr was that he had declined to discuss with the other Powers the British zone apart from the other three zones. Sooner or later the Allies must decide whether Germany was to be divided or not. He felt that it would be fatal to allow Russia to intervene in the administration of the Western zones while consolidating her position in the Eastern zone and in all the territory which she held from Stettin to the Adriatic.

Mr. Bevin said that on the Control Commission the United Kingdom representative had been in favour of the re-establishment of different political parties in Germany provided that they had not been identified with the Nazi régime. In Berlin, however, and in the Russian zone, the Russians were supporting only the United Socialist and Communist party and they were carrying on a determined propaganda to ensure that it was the dominant party in the other zones too, no doubt with the idea that, whatever Power had the nominal control of the zone, they would control the main political party in it.

Mr. Bevin explained that the British zone was far from being a self-supporting economic unit at the present time. Its population, which before the war had been about 19 millions had now risen to some 23 millions. It was

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224110

not primarily an agricultural zone and was dependent for its food supply on imports. These in the past had come from the East, but at the moment no food was coming out of the Russian zone. We had been pressing for free exchange between the four zones but so far had not succeeded in obtaining it. At the same time the British zone could not utilise to the full its industrial production which might have enabled it to pay for the food it required. There had been a long controversy as to the permitted level of German industry. Steel production had been taken as the main yardstick of this. The figure originally fixed by the United Kingdom as the minimum required for maintaining the economic life of Germany as a whole was 11 million tons a year. The American and Russian figures had been 5·8 million tons. The United Kingdom Government had taken the view that on this basis Germany could not have supported a reasonable standard of life and that the consequent charge on the United Kingdom Exchequer for the maintenance of the British zone alone would have been of the order of £100 million a year. The United Kingdom figure had then been reduced to 9 million tons and eventually agreement had been reached at a figure of 7·5 million tons. At the same time it had been agreed that additional plants, *e.g.*, for the production of fertilisers, might be retained. Taking this into account the United Kingdom Government had thought that this figure was not unworkable.

For the most part, Mr. Byrnes had taken a very reasonable line on German questions. In discussion with M. Stalin in Moscow Mr. Byrnes had said that the United States could not look on and watch the German problem being solved by the slow starvation of millions : a way must be found which would not affect adversely the security of the Allied Powers, yet would allow a reasonable standard of living to Germany. Otherwise the German people would be driven to desperation, with incalculable results for the future of Europe. Mr. Byrnes had told M. Stalin that he did not favour the French plan for the permanent separation of portions of Germany but that the French were, in his view, entitled to an absolute guarantee of their security. They should not have to fear an American withdrawal from European politics such as occurred between the two wars. He had therefore put forward the idea of a 25-year treaty between the four Powers for the de-militarisation and disarmament of Germany. M. Stalin had seemed to welcome the idea. When later Mr. Byrnes had sent Mr. Bevin a draft of such a treaty, he had asked him to regard it as a document of great secrecy. At the recent meetings in Paris, however, Mr. Byrnes had laid his draft on the table. There had immediately been a strong reaction from M. Molotov. There had been a heated discussion between Mr. Byrnes and M. Molotov, and it became clear that Russia would not enter into any arrangement of this type with the three Western Powers. Mr. Byrnes had appeared somewhat discouraged that his draft had not received a public welcome from the United Kingdom Government, apparently forgetting that it had been given to them in great confidence. A public statement that the draft had the warm approval of the Government of the United Kingdom had now been made in the House of Commons.

Mr. Bevin said that following on Mr. Byrnes's proposal for a four-power treaty there had been some general discussion on the future of Germany at the Council of Foreign Ministers.

There had been some pressure for the future of the Ruhr to be considered separately. Mr. Bevin, however, had consistently maintained the view that he was not prepared to discuss the future of the Ruhr except as part of a discussion regarding the future of Germany as a whole, which would include, for instance, the future of industrial districts in the Russian zone such as Saxony and Thuringia. His view was that there must be as frank a discussion of the future of one part of Germany as of another.

Mr. Bevin said that he could not attempt to say whether Russian policy was to favour a united or a dismembered Germany. The Communists in Germany were preaching in favour of a united Germany but the Communists in France in favour of a dismembered Germany. He thought that the Russian Government had not, at the moment, determined their policy. It seemed that they were attempting to consolidate what they held in the Eastern zone and the satellite States and were attempting simultaneously to claim some say in the administration of the Western zones

For himself, Mr. Bevin said that he thought that the solution might lie in the creation of a united but federalised Germany with the minimum powers in the centre and the maximum powers in the provinces.

In the last sessions of the Council Mr. Byrnes had put forward certain further proposals for Germany. The gist of these had been that unless agreement could be reached that Germany was to be treated as a whole both politically

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224111

and economically, the United States would have to cease the dismantling of German industry for reparations and the delivery to the Russians of their share.

Mr. Byrnes had also proposed that Deputies should be appointed for the study of certain questions relating to Germany, but this had not obtained Russian approval. Simultaneously, he had proposed that a Conference for the discussion of a Peace Treaty with Germany should be summoned for the 12th November. This proposal, too, had not been approved. Mr. Bevin had now told Mr. Byrnes first, that he did not favour the fixing of a precise date for a Conference on Germany, and secondly, that in his view discussion of a peace settlement with Germany should be in three stages: a preliminary Conference of all the belligerents, followed by a smaller meeting of drafting countries, followed by a second Conference to consider the drafts thus prepared.

Mr. MACKENZIE KING said that he had been much impressed by Mr. Bevin's clear review. His own views were, in general, completely in accord with those expressed by Mr. Bevin.

He felt strongly that Germany must be maintained as a whole. If any other policy was followed, grave problems would be sure to arise in the future. A policy of splitting the country up would be foredoomed to failure. Germany would remain an entity by the strength of her national sentiment. He did not think that the German people as a whole, as distinct from certain groups, would want war if they had work.

He was in entire agreement as to the importance of getting German industrial production under way as soon as possible. Until that was done we should have continual demands for relief of one kind or another. Once Europe began to supply itself with its own needs and exchange of commodities between Germany and other countries began again, many difficult problems would find a natural solution.

Mr. Mackenzie King expressed his full concurrence with the view that there must be complete reciprocity between the zones; if, for example, the Russians were to have any voice in the affairs of the British zone, the United Kingdom must have an equal say in the affairs of the Russian zone. He said that the choice clearly lay between a world based on goodwill and one split into two groups, Communist Russia and the rest. A striking illustration of Russian methods had been afforded by the recent unearthing in Canada of underground activities on an unsuspected scale. Individuals in positions of confidence had been involved. Some of them seemed to have been motivated by the highest ideals, although they had failed to realise the true character of the system they were supporting. If an impression should get abroad that the democracies were displaying impatience and lack of understanding in their relations with Russia, they might find among their own people sympathy of surprising magnitude with Russian ideals.

Reference had been made by Dr. Evatt at the previous meeting to the unfortunate fact that important decisions on the post-war settlements had been taken during the war without the participation of Commonwealth Governments and those of other lesser Powers. Mr. Mackenzie King was also sorry that that had been necessary, and he thought that the United Kingdom Government shared this view. But he recognised that, at times, decisions had had to be taken in the light of pressing current situations. No doubt if the end of the war could have been foreseen different decisions might have been taken in one or two cases, but, as it was, we were bound by them. He was also very sympathetic with the view of Dr. Evatt that the Peace Conference regarding Italy and the Balkans should not be a mere formality; the participating Governments must have an effective opportunity to express their views. He suggested that British Commonwealth Governments probably attached no less importance to this issue than European countries concerned with the Peace Conference; the latter were so fully occupied with their own immediate problems of reconstruction that he did not think that they expected to be more fully consulted at this stage. In all the circumstances, he was inclined to the view that it would be a mistake to hasten the final settlements. Time was a healing influence. The apparent lack of success of the meetings of the Council of Foreign Ministers was no doubt unfortunate. Nevertheless the delay had its advantages. For instance, it had made it possible for the Prime Ministers of the British Commonwealth to meet United Kingdom Ministers. They could now speak with knowledge not only of the facts of the situation, but also of the way in which Mr. Bevin was dealing with them. Mr. Bevin, for his part, would be aware of their views, and

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

the United Kingdom Government's policy in the settlement would be influenced by the views of Commonwealth Governments.

At the same time, he sympathised with the views expressed by Mr. Nash as to the inconvenience of the indefinite dates for the Conference. It would have been preferable for the British Commonwealth consultations to have been held immediately before or after the Peace Conference or possibly, as sometimes at Geneva in the past, during the session of the Conference.

Mr. Mackenzie King was doubtful as to the wisdom of trying to hold a Peace Conference without the prior general agreement of all the four Powers. If the Council of Foreign Ministers could not reach agreement, there was little prospect of agreement emerging from the wider Conference. He was becoming doubtful as to the efficiency of open conferences as a medium of international negotiation in its early stages. The reaction against the methods of the old secret diplomacy had, he thought, gone too far. It was difficult for Governments to recede from positions which had been publicly taken up. There were thus advantages in some degree of secrecy until general lines of agreement were apparent. A happy mean must be found.

Mr. Mackenzie King felt strongly that, if there should be an eventual breakdown of negotiations owing to Russia's attitude, negotiations should be so conducted that it should be manifestly Russia who was in the wrong. He believed that if at every meeting she raised difficulty after difficulty, other nations would become increasingly impatient and that that circumstance, in its turn, might influence Russia's own attitude. Admittedly there was the risk that delay would enable her to consolidate her position in occupied territories. Nevertheless he did not believe in haste. It was at this moment most difficult to distinguish which movements in current affairs were important. With the passage of time this would become clearer. He believed that the balance of advantage lay in caution. The settlement, when reached, would govern the world situation for years to come. If there was no settlement, the future was dark indeed. A policy of consistent, cautious and patient effort might in the end bring success.

DR. EVATT referred to the views expressed by Mr. Chifley and himself in the previous discussion of the subject. A policy of balkanising Germany would be a sure way to encourage a recrudescence of nazism : and according to his reading of the Potsdam Agreement, it would be contrary to its provisions. Germany should be treated as a whole

He thought that Mr. Bevin's idea of two Conferences of the active belligerents in the case of Germany would, if applied, be a step forward. He was not sure that time was on our side in the matter of the peace settlements. Europe needed stabilisation and the continued uncertainty must operate against this. Delay would not prevent awkward issues being brought to the point of decision, for the Security Council might at any time be asked to deal with them as situations likely to endanger the peace of the world. This was one result of the establishment of the United Nations Organisation before the peace settlement. It was now nearly three years since Italy had been conquered; and Dr. Evatt expressed the hope that it would be possible to call together a Peace Conference for the Italian Treaty as soon as possible.

He wished again to state that the objectives in the settlement should be based solely on considerations of justice. He recognised the difficulties on the score of Russia. The Soviet Government should not be permitted to outmanœuvre the other participants in the settlement. But to adopt a hostile attitude towards Russia would produce just the consequences which it was desired to avoid. As Mr. Chifley had said, any assumption of an ultimate struggle between East and West would be a counsel of despair. He had previously expressed his dislike of the suggestion on page 3 of the paper circulated as P.M.M. (46) 21 that the danger from Russia had become as great as the danger from a revived Germany. He realised that this paper did not necessarily represent the view of the United Kingdom Government. He did not think the proposition correct in application to either Europe or the Pacific. While it might be a prophecy, he did not accept it as a fact. Were the argument accepted, problems would be tackled in terms of strategy and not in terms of what was just. It would be dangerous to give grounds for the propaganda that preparations were already being made for the next struggle and that Russia would be the enemy.

FIELD-MARSHAL SMUTS said that he was in general agreement with the position taken up by Mr. Bevin. They had now heard from him accounts of

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224113

the proceedings of the Council of Foreign Ministers in regard both to the Mediterranean basin and South-Eastern Europe and also to Germany. Speaking personally, he was in agreement with his policy and he felt that they were profoundly indebted to Mr. Bevin for the line which he had taken in these discussions and the courage and tenacity which he had shown in standing up for the interests of the British Commonwealth and, indeed, of the ideals for which they stood. He himself got the impression that the United States could not be relied upon to carry their full weight in these negotiations; they did not seem to have made up their mind on a policy; they seemed to be still experimenting. If a fair settlement was to be brought out of the chaos and disorder of the present world, it would be largely through the efforts of the British group of nations. The Commonwealth might at the moment be somewhat reduced in apparent power; they were all exhausted by the conflict in which they had spent every ounce of their strength. Nevertheless, they had between them great experience in the arts of human government; they had imponderable resources on their side, which still enabled them to make the major contribution to the peace.

Field-Marshal Smuts said that he looked on the general position as grave in the extreme. There had been such a shift of power in the world to-day that it made it very difficult indeed to see clearly into the future. He thought it would be rash to condemn Russia out of hand for the line she was taking, but he had no doubt that, unless a stand was made against the tendencies of power politics as they appeared at the moment, the future held out gloomy prospects to us. It might, indeed, still be too early to say who had won and who had lost the war; we might in the future find that we had been the victims of it. If the ideals for which we stood were not maintained, the world would have lost immeasurably. The peace settlement, therefore, might be more important than the war. He was glad that the British Commonwealth were aligned on the right side. The United Kingdom Government was putting up a fight which was worth while and he felt that other Commonwealth Governments should be most grateful to them for the line they were taking.

As to the future of Germany, he agreed that it would be wrong to envisage a fully centralised Germany as it had been under Bismarck or Hitler. The German people were by nature a formidable people on account of their many qualities, their power of organisation and their intelligence, and under a highly centralised State they might again become a menace to peace. We should aim at a Germany which, while remaining united, was to a large extent decentralised. We should also aim at a Germany which could maintain a possible standard of living. He was sure that Mr. Bevin was right to insist that, if Russia were to have a say in the administration of the British zone, then we must have an equal say in the administration of her zone.

Field-Marshal Smuts said that he had spent four days in Germany in the previous week and had had discussions with the Commander-in-Chief and Sir Brian Robertson and with many of their advisers. The impression he had gathered was that, quite apart from the nature of the peace settlement, there was an immediate problem in the zone which required urgent and most serious attention. It was the most difficult zone, containing a large population in an industrialised area; its industries were being dismantled and its livelihood thus taken away. The position, he thought, was worse now than it had been. The resources on which they had lived during the first few months were used up. The German attitude was also getting worse because conditions were getting worse.

The food situation had been most menacing. He hoped that now, through the negotiations of Mr. Morrison in Washington, that might to some extent right itself. But the coal situation seemed to him to be equally difficult. Not only were the industries being dismantled, but the coal that they could use in their remaining industries was being sent out of the country. He thought that matters had reached a very dangerous pass and, unless there were a moratorium on the export of coal, we might soon find ourselves with a completely derelict zone with a huge and hungry population, gradually relapsing into anarchy and perhaps communism.

An industrial standard had been laid down which in the end might prove ruinous to the British zone and create there an intolerable problem for us. He did not see how, on this level of industry, we could possibly be responsible for feeding the people and keeping them from anarchy—and still export coal. We must remember that, whatever the real truth of the matter, the whole blame for conditions in the zone would fall on us. People would not realise that we had been saddled with an impossible situation. They would compare conditions in the

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

British zone with conditions in the East, where the situation might well appear much better.

Field-Marshal Smuts said that, in his view, the situation called for great care and he could not help feeling that a reversal of some of the decisions taken at Potsdam was called for. He hoped that he did not paint the picture in too dark colours. But the outlook was, in truth, gloomy. If the other Powers clamoured for the further dismantling of the Ruhr and for the continued export of coal, our zone might well become a quite unworkable proposition.

On the long-range questions, he was in full agreement with Mr. Bevin. It was only on these practical immediate questions that he felt qualms whether our present policy was on the right basis. He ventured to suggest that we should have a short-range plan from our men on the spot dealing not so much with the shaping of the peace as with the practical problems of the administration of the zone in the next few months. He feared that, within a matter of months, we might be in a sorry state in the zone. He instanced the city of Hamburg, a city of 2 million people, which was now fast becoming a dead city, with its industries dismantled, its population unemployed and the town itself largely destroyed by bombing. The people had been living on their resources, but these were now exhausted. Field-Marshal Smuts said that he did not wish to see the United Kingdom blamed, however wrongly, because their zone became derelict.

MR. ATTLEE asked whether the urgency of these immediate problems did not constitute an argument against delay in the peace settlement.

FIELD-MARSHAL SMUTS said that he had doubts in his mind whether it would be a wise move to press for a conference while there were such deep-seated differences in policy between the principal Allies. While they had not been thrashed out, would a general conference help or would it increase the dangers? Would it bring wisdom out of apparent chaos? Or would not tempers perhaps get worse?

At this dangerous point the fundamental question was whether there should be one Europe or two Europes, one world or two worlds. This was not a question which a general conference could resolve while a state of high tension continued. If it appeared, when the Council of Foreign Ministers met again in June, that fundamental differences remained insoluble between the four Powers a conference might result in dividing Europe into two. By a conference leading to that result we should have stereotyped the lines of the future in a manner that we were all most anxious to avoid. It was for these reasons that, like Mr. Mackenzie King, he was for marking time. We could not read the mind of Russia. Perhaps at present we were misreading it and the phase of expansion would pass. At the June session of the Council the United Kingdom should do all she could to come to a general settlement. If it appeared that Russia remained irreconcilable, then the Commonwealth countries could put their heads together again.

Field-Marshal Smuts recalled that he had said three years ago that he doubted whether the peace would be settled by Peace Conferences after the war. What had happened since had deepened his doubts. He was now the more inclined to wonder whether it was not better to take more time and to allow a little drift.

MR. NASH said that he himself believed that a satisfactory peace settlement was more likely to be secured by the method of public discussion at a Peace Conference than by secret diplomacy or by seeking to impose on the other belligerents decisions taken initially by the four Powers. He also believed that the Soviet Government were more likely to be brought to a reasonable attitude in public discussions among the 21 belligerent States. It was these considerations which had led him to favour the early holding of a Peace Conference to consider the peace settlements for the ex-enemy satellite States in Europe. As regards the German settlement, he supported Mr. Bevin's suggestion of two full conferences. At the first conference, which might be held in the autumn of 1946, there could be a preliminary exchange of views; and there might then be an interval, during which detailed drafting could be undertaken, before the final settlement was attempted at the second conference.

Mr. Nash said that he would be strongly opposed to any attempt to dismember Germany. The feelings of the German people in favour of a unitary Germany were far too strong for such an attempt to succeed. And a unitary Germany need not be dominated in the future as in the past, by Prussia. Our policy should be to re-educate the German people; and we should remember that before 1914 the Social Democrat movement had been stronger in Germany than anywhere else in

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224115

the world. He saw no reason to abandon our hope of finding a satisfactory solution of the long-term problem in Germany. Though he regretted the policies which the Soviet Government appeared to be following at the present time, this might be only a passing phase, and we should persevere in trying to bring about a better mutual understanding between ourselves and Russia. We had, in his view, made a mistake at the Berlin Conference in conceding so much of the territorial claims of the Soviet Government; we should always remember that they had annexed half of Poland before they entered the war on the Allied side. Our main difficulty was that the Russian people themselves were unaware of the real facts of the situation and we had no means of putting the facts before them. He did not believe, however, that Communism was gaining ground in Europe. It was significant that the Czechs, even though they believed that they were betrayed by us and delivered by the Russians, were unwilling even so to embrace the Communist ideology. We should not, he thought, adopt a policy of appeasement towards the Soviet Government.

LORD ADDISON said that, so far as concerned Germany, two points had emerged from the discussion. First, in the immediate future we must do everything possible to avoid a breakdown in the British Zone of Germany; for failure of our administration there would prejudice the chances of a satisfactory long-term solution. He therefore supported Field-Marshal Smuts's proposal that we should at once prepare an emergency programme for dealing with the immediate situation in the British Zone; and he added the further suggestion that we should see whether the United States authorities would co-operate with us in framing a short-term plan which would be applicable to their zone as well as ours. Secondly, as regards the long-term problems, he strongly supported the views which had been expressed by Mr. Bevin. He agreed with what Mr. Nash had said about Communism in Europe; but that, in his view, strengthened the case for not seeking to force a settlement of the long-term problem. The Soviet Government might themselves be compelled to modify their attitude in time, and an attempt to force an early settlement might have the effect of consolidating their position in Eastern Germany. In this matter time was on our side.

Lord Addison said that he saw great danger in premature discussion of these difficult issues at a Peace Conference. If it appeared, at the meeting of the Council of Foreign Ministers in June, that the four Powers were substantially nearer to agreement on the main lines of the peace settlements for the ex-enemy satellite States in Europe, it might well be advantageous to hold an early conference on those settlements; but he would prefer to see how things went at the Council's next meeting before he finally made up his mind on this point.

MR. HALL endorsed the views expressed by Lord Addison. The most urgent need was to seek some solution of the short-term economic problems of Germany. The existing position was most unsatisfactory; and it was intolerable that the British taxpayer should have to continue to find £80 million a year for the British Zone. Far from receiving any reparations from Germany, the United Kingdom were in effect paying reparations to Germany; and this was a situation which could not be allowed to continue.

As regards long-term problems, he supported the line which Mr. Bevin had been taking in the discussions in Paris. He and all his colleagues in the United Kingdom Government were deeply grateful to Mr. Bevin for the tenacity and skill with which he had presented the British case in the course of these difficult negotiations; and he had been glad to hear that these feelings were shared by the representatives of the Dominion Governments now in London.

MR. BEVIN thanked Dominion Ministers for their most valuable contributions to the discussion of these difficult problems. He was clear that we could no longer afford the policy of appeasement to Russia which we had had to adopt during the war. We could not expect the change to be popular with Russia.

He did not know what conclusion to draw as to the ultimate aim of Russian policy. It was dictated, he thought, partly by fear, partly by expansionism and partly by the Communist philosophy. A very powerful machine had been built up and it might be difficult to change its direction. But there were great internal problems and stresses in Russia and they might cause a change. Policy was still rigidly controlled from the Kremlin—which added to the difficulty of negotiation —and it might be changed if M. Stalin thought it expedient.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

SEATING ARRANGEMENTS FOR SIXTEENTH MEETING

General Sir Hastings Ismay, Chief of Staff to the Minister of Defence

Admiral of the Fleet Viscount Cunningham of Hyndhope, Chief of Naval Staff

Marshal of the Royal Air Force Lord Tedder, Chief of the Air Staff

Lieut.-General F.E.W. Simpson, Vice-Chief of the Imperial General Staff

---

Mr. Arthur Henderson, Parliamentary Under-Secretary of State for India

Rt.Hon. G.H. Hall, Secretary of State for the Colonies

Mr. Oliver Harvey, Foreign Office

Rt.Hon. E. Bevin, Secretary of State for Foreign Affairs

Prime Minister

Sir Norman Brook

Viscount Addison, Secretary of State for Dominion Affairs

Sir Eric Machtig, Permanent Under-Secretary of State for Dominion Affairs

Sir John Stephenson, Dominions Office

Mr. F. Shanahan, Secretary of Cabinet, New Zealand

Rt.Hon. W. Nash

Mr. N.A. Robertson, Under-Secretary for External Affairs, Canada

Rt.Hon. W.L.Mackenzie King

Rt.Hon. Vincent Massey, High Commissioner for Canada

Rt.Hon. H.V. Evatt

Rt.Hon. J.A. Beasley, High Commissioner for Australia

Field Marshal J.C. Smuts

Mr. G. Heaton Nicholls, High Commissioner for South Africa

Major-General Sir Leslie Hollis

Mr. C.G. Eastwood

Mr. D.D. Forsyth, Secretary for External Affairs, South Africa

Mr. F.E. Cumming-Bruce

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

The circulation of this paper has been strictly limited.
It is issued for the personal use of Mr Mackenzie King

TOP SECRET C224117 Copy No. S8

P.M.M.(46) 16th Meeting

MEETING OF PRIME MINISTERS

MINUTES of the Sixteenth Meeting held at No. 10 Downing Street, S.W.1., on TUESDAY, 21ST MAY, 1946, at 11.0 a.m.

P R E S E N T:

The Rt. Hon. C.R. Attlee, M.P.,
Prime Minister of the United Kingdom
(In the Chair)

United Kingdom

The Rt. Hon. Ernest Bevin, M.P., Secretary of State for Foreign Affairs

The Rt. Hon. Viscount Addison, Secretary of State for Dominion Affairs

The Rt. Hon. G.H. Hall, M.P., Secretary of State for the Colonies

Mr. Arthur Henderson, K.C., M.P., Parliamentary Under-Secretary of State for India

Admiral of the Fleet Viscount Cunningham of Hyndhope, Chief of Naval Staff

Marshal of the Royal Air Force Lord Tedder, Chief of the Air Staff

Lieut.-General F.E.W. Simpson, Vice-Chief of the Imperial General Staff

General Sir Hastings Ismay, Chief of Staff to the Minister of Defence

Sir Eric Machtig, Permanent Under-Secretary of State for Dominion Affairs

Mr. Oliver Harvey, Foreign Office

Canada

The Rt. Hon. W.L. Mackenzie King, Prime Minister of Canada

Mr. N.A. Robertson, Under-Secretary for External Affairs

The Rt. Hon. Vincent Massey, High Commissioner for Canada

Mr. J.W. Pickersgill, Private Secretary to Prime Minister

Mr. T.W. Holmes, Office of the High Commissioner for Canada

Australia

The Rt. Hon. H.V. Evatt, Minister of External Affairs

The Rt. Hon. J.A. Beasley, High Commissioner for Australia

Mr. J.D.L. Hood, External Affairs Liaison Officer in London

Dr. J.W. Burton, Department of External Affairs

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

New Zealand

The Rt. Hon. W. Nash,
Deputy Prime Minister
of New Zealand

Mr. F. Shanahan,
Secretary of Cabinet

Mr. F.H. Corner,
Department of External
Affairs.

South Africa

Field Marshal The Rt. Hon.
J.C. Smuts, Prime
Minister of South Africa

Mr. G. Heaton Nicholls,
High Commissioner for
South Africa

Mr. D.D. Forsyth,
Secretary for External
Affairs

Mr. R. Jones,
Office of the High
Commissioner for South Africa

SECRETARIAT

Sir Norman Brook
Sir John Stephenson
Major-General Sir Leslie Hollis
Mr. C.G. Eastwood
The Hon. F.E. Cumming-Bruce

POLICY TOWARDS GERMANY

The Meeting had a discussion on the present situation in Germany and the future policy to be adopted towards that country.

The proceedings are recorded in a Confidential Annex.

Cabinet Office, S.W.1.

21ST MAY, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224119

(THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT)

S E C R E T

P.M.M.(46) 17th Meeting COPY NO. 58

MEETING OF PRIME MINISERS

MEETING to be held at No. 10 Downing Street, S.W.1, on WEDNESDAY, 22ND MAY, 1946, at 11 a.m.

AGENDA

1. NATIONALITY OF MARRIED WOMEN

Memorandum by the South African Delegation (P.M.M.(46) 28 - already circulated)

Memorandum by the Home Secretary and the Secretary of State for Dominion Affairs (P.M.M.(46) 30 - already circulated)

2. SOUTH WEST AFRICA

To be raised orally by Field Marshal Smuts

(Signed) NORMAN BROOK
J.E. STEPHENSON

Cabinet Office, S.W.1.

21ST MAY, 1946.

Note: The following have been invited to attend:-

Mr. Chuter Ede,	Home Office
Sir Alexander Maxwell,	" "
Sir Oscar Dowson,	" "

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

C224120

The circulation of this paper has been strictly limited. It is issued for the personal use of Mr. Mackenzie King

TOP SECRET. Copy No. 58

P.M.M. (46) 17th Meeting.

MEETING OF PRIME MINISTERS.

MINUTES of the Seventeenth Meeting held at No. 10 *Downing Street, S.W.* 1, *on Wednesday,* 22*nd May,* 1946, *at* 11 *a.m.*

Present:

The Right Hon. C. R. ATTLEE, M.P., Prime Minister of the United Kingdom (*in the Chair*).

United Kingdom.

The Right Hon. LORD JOWITT, Lord Chancellor.
The Right Hon. J. CHUTER EDE, M.P., Secretary of State for the Home Department.
The Right Hon. VISCOUNT ADDISON, Secretary of State for Dominion Affairs.
The Right Hon. G. H. HALL, M.P., Secretary of State for the Colonies.
The Right Hon. P. J. NOEL-BAKER, M.P., Minister of State.
Mr. ARTHUR HENDERSON, K.C., M.P., Parliamentary Under-Secretary of State for India.
Sir ERIC MACHTIG, Permanent Under-Secretary of State for Dominion Affairs.
Sir ALEXANDER MAXWELL, Permanent Under-Secretary of State for the Home Department.
Sir OSCAR DOWSON, Legal Adviser, Home Office.

Canada.

The Right Hon. W. L. MACKENZIE KING, Prime Minister of Canada.
Mr. N. A. ROBERTSON, Under-Secretary for External Affairs.
Mr. R. G. ROBERTSON, Prime Minister's Office.
Mr. J. W. HOLMES, Office of the High Commissioner for Canada.

Australia.

The Right Hon. H. V. EVATT, Minister of External Affairs.
The Right Hon. J. A. BEASLEY, High Commissioner for Australia.
Mr. J. D. L. HOOD, External Affairs Liaison Officer in London.
Dr. J. W. BURTON, Department of External Affairs.

New Zealand.

The Right Hon. W. NASH, Deputy Prime Minister of New Zealand.
Mr. F. SHANAHAN, Secretary of Cabinet.

South Africa.

Field-Marshal The Right Hon. J. C. SMUTS, Prime Minister of South Africa.
Mr. G. HEATON NICHOLLS, High Commissioner for South Africa.
Mr. D. D. FORSYTH, Secretary for External Affairs.
Dr. L. H. WESSELS, Department of External Affairs.
Mr. R. JONES, Office of the High Commissioner for South Africa.
Mr. D. B. SOLE, Office of the High Commissioner for South Africa.

Secretariat.

Sir NORMAN BROOK.
Sir JOHN STEPHENSON.
Mr. C. G. EASTWOOD.
The Hon. F. E. CUMMING-BRUCE.

[31898—3]

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224121

CONTENTS.

1. Nationality of Married Women.
2. South-West Africa.
3. Future Business and Final Communiqué.

Nationality of Married Women.

1. The meeting had before them memoranda by the South African Delegation (P.M.M. (46) 28) and by United Kingdom Ministers (P.M.M. (46) 30) on the nationality of married women.

FIELD-MARSHAL SMUTS said that forceful representations had been made to the Union Government to the effect that the nationality of a wife should not be affected without her consent either by the mere fact of marriage or by any change in her husband's nationality. The Union Goverment were disposed to agree that a British woman should retain her British nationality on marriage to an alien unless she explicitly declared her desire to acquire her husband's nationality; and that, similarly, a British woman should be allowed to retain her British nationality if her husband, having been a British subject at the time of the marriage, subsequently became an alien. The Union Government had, however, wished to ascertain the views of other members of the British Commonwealth on this question. In the memorandum by the United Kingdom Ministers (P.M.M. (46) 30) it had been pointed out that provision had already been made in the laws of the United Kingdom and of the Dominions other than South Africa to give effect to the principle that the naturalisation of the husband during marriage shall not involve a change in the nationality of the wife except with her consent. The nationality laws of these parts of the British Commonwealth also enabled a British woman, on marriage with an alien, to retain her British nationality in all cases where she did not acquire her husband's nationality under the law of his country. British nationality law would, however, be profoundly affected by a new Nationality Bill now under consideration by the Canadian Parliament; and the United Kingdom Government had already suggested to all Dominion Governments that a conference of experts should be held to consider what changes should be made in the nationality laws of the other self-governing parts of the Commonwealth, or what other action should be taken, to preserve the common status of British subjects, in the light of the new approach to the question of British nationality which was made in this Canadian Bill. The United Kingdom Ministers had therefore suggested that this conference of experts should now be invited to study, not only the issues raised by the Canadian Bill, but also the detailed questions which would arise if the principle of equality of the sexes were generally accepted by all countries of the Commonwealth as the basis of their law relating to the nationality of married women.

Field-Marshal Smuts said he recognised that this was a technical subject which called for detailed study by experts; and he supported the suggestion that it should be remitted for detailed investigation by the conference of experts on nationality law which had been proposed by the United Kingdom Government.

MR. MACKENZIE KING said that the Canadian Government agreed that such a conference should be held and would be glad to nominate legal experts to take part in it. He also agreed that the questions which Field-Marshal Smuts had raised about the nationality of married women should be included among the subjects to be discussed at the conference. While he agreed with the substance of what was said about the new Canadian Bill in paragraph 10 of the memorandum by United Kingdom Ministers (P.M.M. (46) 30) he asked that, if reference were made to this in any public statement, it should take the following form :—

> " In view of the fact that the Canadian Bill introduces certain new principles in nationality legislation, the United Kingdom Government has suggested the desirability of holding a meeting of legal experts to examine the possible modifications in the general status of British subjects that would result from it and which may make desirable corresponding changes in the legislation of the other countries of the Commonwealth."

LORD ADDISON said that he readily accepted the amended version of this statement proposed by Mr. Mackenzie King.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

DR. EVATT said that, as stated in paragraph 4 of P.M.M. (46) 30, the Australian law already provided that a British woman marrying an alien should retain the rights and obligations of a British subject in Australia, even though she acquired by her marriage the nationality of her husband. The Australian Government desired, however, that such rights conceded by the laws of one part of the British Commonwealth should be recognised in other parts of the Commonwealth; and they therefore favoured discussion of this problem on a Commonwealth basis. They also desired similar discussion of the new situation created by the Canadian Bill—though they were themselves disposed in principle to favour the changes proposed by that Bill. All these matters raised, however, a number of complex legal issues, which required detailed examination by experts; and it would be inexpedient for Governments to express their final views until a conference of experts had been held and its report had been considered.

MR. NASH said that his Government favoured the view that the law relating to the nationality of married women should be based on the principle of equality of the sexes. At the same time they recognised that difficult legal issues were involved and he supported the proposal for the holding of a conference of experts to consider these problems relating to the nationality of married women, and also the wider issues raised by the Canadian Nationality Bill.

MR. MACKENZIE KING said that the Canadian Government were anxious to bring their new Nationality Bill into operation on the 1st January, 1947, and on this account they would be glad if the proposed conference of experts could be held at an early date.

Further discussion showed that there was general agreement that the conference of experts should be held in London during the course of the next few weeks.

> It was agreed that Lord Addison should discuss with the Lord Chancellor the detailed terms of reference for the proposed conference of experts on British nationality law and should thereafter take steps to convene the conference in London at the earliest date convenient to the representatives of the various Dominions.

South-West Africa.

2. FIELD-MARSHAL SMUTS said that he wished to take this opportunity of discussing with representatives of other parts of the Commonwealth the proposals of the South African Government for the future of South-West Africa.

South-West Africa was now held by the Union of South Africa under a "C"-class Mandate. It was, however, different from other territories in that class in that geographically it was part and parcel of South Africa. Indeed, it was only by historical accident that it did not form part of the Union. In the scramble for Africa, Germany had acquired this barren country in 1886 and built up a colony there with immigrants from Germany. These German settlers caused the South African Government considerable trouble during the 1914–18 war.

At the Peace Conference after the last war President Wilson had been sympathetic to the idea that the territory should be annexed by South Africa. A statement had, however, been included in the Fourteen Points which precluded annexations of territory. A way out of this difficulty was found by the creation of the special "C"-class Mandates, which could be administered by the Mandatory Power as integral parts of its territory. South-West Africa had been administered accordingly ever since, but there was a strong feeling in South Africa that it should now be incorporated in the Union. South Africa had been troubled again before this war by a Nazi movement among the settlers in South-West Africa, and it had been necessary to send from the Union a strong police force to keep the peace in the territory.

The white population in South-West Africa, numbering some 31,000, had a local Parliament of their own. It had, however, no jurisdiction over the native population, as the Union had responsibility under the Mandate for native policy. The local Parliament had passed unanimously more than one resolution that the territory should be incorporated in the Union. The Union Government had consulted the native population; this numbered some 350,000, consisting in part of scattered and disintegrated tribes, with very little tribal organisation, but for the most part of more highly organised and virile Bantu tribes. These were governed practically

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224173

on the principles of indirect rule with their own chiefs and councils. While it had been rather difficult to consult the scattered tribes, consultation with those who had their own council had been easier and it was possible to say that some 80 per cent. of the native population had agreed that the territory should be incorporated in the Union.

Field-Marshal Smuts said that in San Francisco he had given notice that he would apply to the United Nations Organisation for their approval of incorporation. He recalled that the objective of the trusteeship system was the development of self-government. It seemed to him that this objective could be reached equally well by making a mandated territory independent and by making it, at its own request, part of a neighbouring independent territory. He proposed to raise the matter, therefore, at the Assembly in September next. He quite appreciated that there might be criticisms of the proposals in the Assembly, because other Powers holding Mandates were accepting trusteeship arrangements. There would be opposition from those who, for one reason or another, were not in sympathy with the policy of the Union Government and from those who objected in principle to the colonial system or imperialism. In these circumstances, the South African Government were anxious for such assurances of support as they could obtain and naturally they turned first to their friends in the Commonwealth. The argument was often put forward in South Africa that she derived status and strength from membership of the immensely powerful association of the Commonwealth. If now she received support from the other members of the Commonwealth, that would be striking evidence of the truth of the argument and would be of very great assistance in promoting the causes they all had at heart.

LORD ADDISON said that the United Kingdom Government had given much thought to this matter. They recognised the great force of the considerations to which Field-Marshal Smuts had referred and they were clear that geographically South-West Africa would naturally be associated with the Union. Indeed Walvis Bay, its port, was already part of the Union. On the other hand, they were alive to the difficulties which were likely to arise in discussion of this matter at the United Nations Assembly. The chief concern of the United Kingdom Government had been whether incorporation would be supported by the inhabitants of the territory. They had concluded that, on the understanding that it was so supported, they would themselves give the South African Government their support. It seemed clear that the white population was heartily in support of incorporation. As to the natives, they understand that a section of the Herreros did not favour it but that a very large majority of the remainder were in favour.

Lord Addison said that the view of the United Kingdom Government had been reached after full consideration and detailed discussion as to the facts of the situation.

MR. MACKENZIE KING said that, if he had been in Field-Marshal Smuts's place, he did not doubt that he would have taken the same view of the matter. He had not had an opportunity of discussing it with his colleagues but he thought that they would share his opinion. He assumed that it would not be advisable to make any declaration of the attitude of the other members of the Commonwealth before the matter was brought before the United Nations Assembly.

FIELD-MARSHAL SMUTS agreed with this. He thought that any prior expression of solidarity by countries of the Commonwealth would be very undesirable.

DR. EVATT said that his advice would be that Field-Marshal Smuts should tread very warily in this matter. He felt certain that his proposal would meet with objection at the United Nations Assembly. At San Francisco there had been very strong feeling against the annexation of Mandated Territories. He thought that that feeling would be found also in the Assembly.

Speaking personally, he had every sympathy with Field-Marshal Smuts's general objectives and so far as he could he would do nothing to embarrass him. But the Australian Government had had no opportunity of considering the matter. They would have to take into account that, if South Africa incorporated South-West Africa, it would provide an argument to their own expansionists for the incorporation of New Guinea into Australia. Although geographically New Guinea was separate from Australia, it was part and parcel of their defence system. The Australian Government had always resisted such suggestions in the past on the ground that the obligations of the Mandate must continue and that the new trusteeship system, which would replace the Mandate, would give to the

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

trustee much greater powers in regard to defence matters than they had had under the Mandate system. They had been asked by the United Kingdom Government whether they would take the lead in announcing that they were ready to place their mandated territories under trusteeship and they had, in fact, made a public statement that they would do so. He suggested that in bringing the matter before the United Nations Assembly Field-Marshal Smuts should present to the Assembly full factual information regarding the territory.

MR. NASH said that from a personal point of view he, too, would like to support Field-Marshal Smuts. But he foresaw much argument in the Assembly on the proposition. He referred to the fact that the objective of the trusteeship system was that the territories under trusteeship should be led towards independence. If the overwhelming majority of the population wished that independence to take the form of association with South Africa, would that not be possible within the trusteeship system? In that event he thought that it might be possible for the New Zealand Government to support the proposition.

MR. ATTLEE suggested that an analogy for what Mr. Nash was proposing could be found in the case of Transjordan. Transjordan had now been given her independence and it was open to her, if she so desired, to associate herself with any other Arab State.

MR. NASH agreed that this would be an analogy.

DR. EVATT suggested, however, that the circumstances might be somewhat different, since it was not suggested that the population of South-West Africa were ready for full self-government now or would be within any foreseeable time. He suggested that it might be possible to include in a trusteeship agreement for South-West Africa a clause to the effect that if the people of the territory made it clear by a vote or plebiscite that they desired incorporation in the Union, then the trusteeship agreement should cease and incorporation should take place. He suggested that Field-Marshal Smuts might consider this suggestion.

MR. ATTLEE suggested that it might be useful if the initiative for incorporation could be shown to come from the people of South-West Africa rather than from the Union.

MR. HALL recalled that it was possible to specify in a trusteeship agreement a period of transition. Might not Field-Marshal Smuts's best course be to seek to place South-West Africa under trusteeship, obtaining in the trusteeship agreement a provision that after a period of, say, five years, the territory should be incorporated in the Union? He was bound to confess that if a straight application for immediate incorporation were made, he foresaw that there would be many difficulties at the Assembly. He reminded Field-Marshal Smuts that it would be necessary for him to secure a two-thirds majority for his proposal at the Assembly. If by any chance the proposal was not accepted, this would place not only South Africa but also some of the nations who supported her in a position of some difficulty. Nevertheless, what Lord Addison had said represented, of course, the considered view of the United Kingdom Government.

FIELD-MARSHAL SMUTS said that he was most anxious not to by-pass the United Nations Organisation because he had always been a strong supporter of the system. The position under the United Nations Charter was that if no agreement was reached for the placing of South-West Africa under trusteeship, it would remain with the Union. It could only come within the United Nations Organisation by an agreement to which the Union was a party. If there were no such agreement, then it remained outside the Organisation. The obligations of the Mandate would theoretically remain, but owing to the winding up of the League of Nations and the Permanent Mandates Commission there would be no authority to enforce their observance.

MR. MACKENZIE KING asked Field-Marshal Smuts what his answer would be if the United Nations Assembly were to request that a commission of enquiry might be sent to South-West Africa to confirm that the views of the inhabitants were in favour of incorporation.

FIELD-MARSHAL SMUTS said that that was a matter which could then be considered. The Union Government had already obtained the consent of both white and native inhabitants.

MR. NOEL-BAKER said he understood that Field-Marshal Smuts had in the Union Parliament expressed his willingness to continue to make reports to

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224125

the Trusteeship Council on affairs in South-West Africa. He suggested that it would be very helpful if he could make this point in laying the matter before the United Nations Organisation. He thought that if in addition Field-Marshal Smuts also offered a commission of enquiry, it might turn the scale in favour of South Africa's proposals. He thought that the United States delegation would be very anxious that nothing should be done which would discourage the French, the Belgians, or indeed the United States themselves from placing other territories under trusteeship. He suggested that it might be worth while for the South African Government before raising the matter in the Assembly to establish contact with the United States delegation, and particularly with Mr. John Foster Dulles, who had taken a particular interest in the subject.

FIELD-MARSHAL SMUTS said he was most grateful for the views expressed at the meeting. He proposed to consider further in the light of these the procedure which the Union Government should follow in the matter.

It was agreed that no public reference should be made to the fact that the subject had been discussed.

Future Business and Final Communiqué.

3. It was agreed that a draft of a communiqué to be issued after the final session on the following day should be circulated to Dominion Ministers as soon as possible. Various suggestions were made as to matters to be included in the communiqué.

LORD ADDISON said that before the meetings closed he would like to discover from Dominion Ministers whether they could suggest any improvements in the existing machinery for consultation between Commonwealth Governments. It was agreed that this might be discussed on the following afternoon.

Cabinet Office, S.W. 1,
22*nd May*, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

C224126

The circulation of this paper has been strictly limited. It is issued for the personal use of ...Official Secretary, Canada Delegation...

TOP SECRET. Copy No. 60

P.M.M. (46) 17th Meeting.

MEETING OF PRIME MINISTERS.

MINUTES of the Seventeenth Meeting held at No. 10 Downing Street, S.W. 1, on Wednesday, 22nd May, 1946, at 11 a.m.

Present:

The Right Hon. C. R. ATTLEE, M.P., Prime Minister of the United Kingdom (*in the Chair*).

United Kingdom.

The Right Hon. LORD JOWITT, Lord Chancellor.
The Right Hon. J. CHUTER EDE, M.P., Secretary of State for the Home Department.
The Right Hon. VISCOUNT ADDISON, Secretary of State for Dominion Affairs.
The Right Hon. G. H. HALL, M.P., Secretary of State for the Colonies.
The Right Hon. P. J. NOEL-BAKER, M.P., Minister of State.
Mr. ARTHUR HENDERSON, K.C., M.P., Parliamentary Under-Secretary of State for India.
Sir ERIC MACHTIG, Permanent Under-Secretary of State for Dominion Affairs.
Sir ALEXANDER MAXWELL, Permanent Under-Secretary of State for the Home Department.
Sir OSCAR DOWSON, Legal Adviser, Home Office.

Canada.

The Right Hon. W. L. MACKENZIE KING, Prime Minister of Canada.
Mr. N. A. ROBERTSON, Under-Secretary for External Affairs.
Mr. R. G. ROBERTSON, Prime Minister's Office.
Mr. J. W. HOLMES, Office of the High Commissioner for Canada.

Australia.

The Right Hon. H. V. EVATT, Minister of External Affairs.
The Right Hon. J. A. BEASLEY, High Commissioner for Australia.
Mr. J. D. L. HOOD, External Affairs Liaison Officer in London.
Dr. J. W. BURTON, Department of External Affairs.

New Zealand.

The Right Hon. W. NASH, Deputy Prime Minister of New Zealand.
Mr. F. SHANAHAN, Secretary of Cabinet.

South Africa.

Field-Marshal The Right Hon. J. C. SMUTS, Prime Minister of South Africa.
Mr. G. HEATON NICHOLLS, High Commissioner for South Africa.
Mr. D. D. FORSYTH, Secretary for External Affairs.
Dr. L. H. WESSELS, Department of External Affairs.
Mr. R. JONES, Office of the High Commissioner for South Africa.
Mr. D. B. SOLE, Office of the High Commissioner for South Africa.

Secretariat.

Sir NORMAN BROOK.
Sir JOHN STEPHENSON.
Mr. C. G. EASTWOOD.
The Hon. F. E. CUMMING-BRUCE.

[31898—3]

W.L.M. King Papers, Memoranda and Notes, 1940-1950, MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224127

CONTENTS.

1. Nationality of Married Women.
2. South-West Africa.
3. Future Business and Final Communiqué.

Nationality of Married Women.

1. The meeting had before them memoranda by the South African Delegation (P.M.M. (46) 28) and by United Kingdom Ministers (P.M.M. (46) 30) on the nationality of married women.

FIELD-MARSHAL SMUTS said that forceful representations had been made to the Union Government to the effect that the nationality of a wife should not be affected without her consent either by the mere fact of marriage or by any change in her husband's nationality. The Union Goverment were disposed to agree that a British woman should retain her British nationality on marriage to an alien unless she explicitly declared her desire to acquire her husband's nationality; and that, similarly, a British woman should be allowed to retain her British nationality if her husband, having been a British subject at the time of the marriage, subsequently became an alien. The Union Government had, however, wished to ascertain the views of other members of the British Commonwealth on this question. In the memorandum by the United Kingdom Ministers (P.M.M. (46) 30) it had been pointed out that provision had already been made in the laws of the United Kingdom and of the Dominions other than South Africa to give effect to the principle that the naturalisation of the husband during marriage shall not involve a change in the nationality of the wife except with her consent. The nationality laws of these parts of the British Commonwealth also enabled a British woman, on marriage with an alien, to retain her British nationality in all cases where she did not acquire her husband's nationality under the law of his country. British nationality law would, however, be profoundly affected by a new Nationality Bill now under consideration by the Canadian Parliament; and the United Kingdom Government had already suggested to all Dominion Governments that a conference of experts should be held to consider what changes should be made in the nationality laws of the other self-governing parts of the Commonwealth, or what other action should be taken, to preserve the common status of British subjects, in the light of the new approach to the question of British nationality which was made in this Canadian Bill. The United Kingdom Ministers had therefore suggested that this conference of experts should now be invited to study, not only the issues raised by the Canadian Bill, but also the detailed questions which would arise if the principle of equality of the sexes were generally accepted by all countries of the Commonwealth as the basis of their law relating to the nationality of married women.

Field-Marshal Smuts said he recognised that this was a technical subject which called for detailed study by experts; and he supported the suggestion that it should be remitted for detailed investigation by the conference of experts on nationality law which had been proposed by the United Kingdom Government.

MR. MACKENZIE KING said that the Canadian Government agreed that such a conference should be held and would be glad to nominate legal experts to take part in it. He also agreed that the questions which Field-Marshal Smuts had raised about the nationality of married women should be included among the subjects to be discussed at the conference. While he agreed with the substance of what was said about the new Canadian Bill in paragraph 10 of the memorandum by United Kingdom Ministers (P.M.M. (46) 30) he asked that, if reference were made to this in any public statement, it should take the following form :—

> "In view of the fact that the Canadian Bill introduces certain new principles in nationality legislation, the United Kingdom Government has suggested the desirability of holding a meeting of legal experts to examine the possible modifications in the general status of British subjects that would result from it and which may make desirable corresponding changes in the legislation of the other countries of the Commonwealth."

LORD ADDISON said that he readily accepted the amended version of this statement proposed by Mr. Mackenzie King.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224128

DR. EVATT said that, as stated in paragraph 4 of P.M.M. (46) 30, the Australian law already provided that a British woman marrying an alien should retain the rights and obligations of a British subject in Australia, even though she acquired by her marriage the nationality of her husband. The Australian Government desired, however, that such rights conceded by the laws of one part of the British Commonwealth should be recognised in other parts of the Commonwealth; and they therefore favoured discussion of this problem on a Commonwealth basis. They also desired similar discussion of the new situation created by the Canadian Bill—though they were themselves disposed in principle to favour the changes proposed by that Bill. All these matters raised, however, a number of complex legal issues, which required detailed examination by experts; and it would be inexpedient for Governments to express their final views until a conference of experts had been held and its report had been considered.

MR. NASH said that his Government favoured the view that the law relating to the nationality of married women should be based on the principle of equality of the sexes. At the same time they recognised that difficult legal issues were involved and he supported the proposal for the holding of a conference of experts to consider these problems relating to the nationality of married women, and also the wider issues raised by the Canadian Nationality Bill.

MR. MACKENZIE KING said that the Canadian Government were anxious to bring their new Nationality Bill into operation on the 1st January, 1947, and on this account they would be glad if the proposed conference of experts could be held at an early date.

Further discussion showed that there was general agreement that the conference of experts should be held in London during the course of the next few weeks.

> It was agreed that Lord Addison should discuss with the Lord Chancellor the detailed terms of reference for the proposed conference of experts on British nationality law and should thereafter take steps to convene the conference in London at the earliest date convenient to the representatives of the various Dominions.

South-West Africa.

2. FIELD-MARSHAL SMUTS said that he wished to take this opportunity of discussing with representatives of other parts of the Commonwealth the proposals of the South African Government for the future of South-West Africa.

South-West Africa was now held by the Union of South Africa under a "C"-class Mandate. It was, however, different from other territories in that class in that geographically it was part and parcel of South Africa. Indeed, it was only by historical accident that it did not form part of the Union. In the scramble for Africa, Germany had acquired this barren country in 1886 and built up a colony there with immigrants from Germany. These German settlers caused the South African Government considerable trouble during the 1914–18 war.

At the Peace Conference after the last war President Wilson had been sympathetic to the idea that the territory should be annexed by South Africa. A statement had, however, been included in the Fourteen Points which precluded annexations of territory. A way out of this difficulty was found by the creation of the special "C"-class Mandates, which could be administered by the Mandatory Power as integral parts of its territory. South-West Africa had been administered accordingly ever since, but there was a strong feeling in South Africa that it should now be incorporated in the Union. South Africa had been troubled again before this war by a Nazi movement among the settlers in South-West Africa, and it had been necessary to send from the Union a strong police force to keep the peace in the territory.

The white population in South-West Africa, numbering some 31,000, had a local Parliament of their own. It had, however, no jurisdiction over the native population, as the Union had responsibility under the Mandate for native policy. The local Parliament had passed unanimously more than one resolution that the territory should be incorporated in the Union. The Union Government had consulted the native population; this numbered some 350,000, consisting in part of scattered and disintegrated tribes, with very little tribal organisation, but for the most part of more highly organised and virile Bantu tribes. These were governed practically

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

on the principles of indirect rule with their own chiefs and councils. While it had been rather difficult to consult the scattered tribes, consultation with those who had their own council had been easier and it was possible to say that some 80 per cent. of the native population had agreed that the territory should be incorporated in the Union.

Field-Marshal Smuts said that in San Francisco he had given notice that he would apply to the United Nations Organisation for their approval of incorporation. He recalled that the objective of the trusteeship system was the development of self-government. It seemed to him that this objective could be reached equally well by making a mandated territory independent and by making it, at its own request, part of a neighbouring independent territory. He proposed to raise the matter, therefore, at the Assembly in September next. He quite appreciated that there might be criticisms of the proposals in the Assembly, because other Powers holding Mandates were accepting trusteeship arrangements. There would be opposition from those who, for one reason or another, were not in sympathy with the policy of the Union Government and from those who objected in principle to the colonial system or imperialism. In these circumstances, the South African Government were anxious for such assurances of support as they could obtain and naturally they turned first to their friends in the Commonwealth. The argument was often put forward in South Africa that she derived status and strength from membership of the immensely powerful association of the Commonwealth. If now she received support from the other members of the Commonwealth, that would be striking evidence of the truth of the argument and would be of very great assistance in promoting the causes they all had at heart.

LORD ADDISON said that the United Kingdom Government had given much thought to this matter. They recognised the great force of the considerations to which Field-Marshal Smuts had referred and they were clear that geographically South-West Africa would naturally be associated with the Union. Indeed Walvis Bay, its port, was already part of the Union. On the other hand, they were alive to the difficulties which were likely to arise in discussion of this matter at the United Nations Assembly. The chief concern of the United Kingdom Government had been whether incorporation would be supported by the inhabitants of the territory. They had concluded that, on the understanding that it was so supported, they would themselves give the South African Government their support. It seemed clear that the white population was heartily in support of incorporation. As to the natives, they understand that a section of the Herreros did not favour it but that a very large majority of the remainder were in favour.

Lord Addison said that the view of the United Kingdom Government had been reached after full consideration and detailed discussion as to the facts of the situation.

MR. MACKENZIE KING said that, if he had been in Field-Marshal Smuts's place, he did not doubt that he would have taken the same view of the matter. He had not had an opportunity of discussing it with his colleagues but he thought that they would share his opinion. He assumed that it would not be advisable to make any declaration of the attitude of the other members of the Commonwealth before the matter was brought before the United Nations Assembly.

FIELD-MARSHAL SMUTS agreed with this. He thought that any prior expression of solidarity by countries of the Commonwealth would be very undesirable.

DR. EVATT said that his advice would be that Field-Marshal Smuts should tread very warily in this matter. He felt certain that his proposal would meet with objection at the United Nations Assembly. At San Francisco there had been very strong feeling against the annexation of Mandated Territories. He thought that that feeling would be found also in the Assembly.

Speaking personally, he had every sympathy with Field-Marshal Smuts's general objectives and so far as he could he would do nothing to embarrass him. But the Australian Government had had no opportunity of considering the matter. They would have to take into account that, if South Africa incorporated South-West Africa, it would provide an argument to their own expansionists for the incorporation of New Guinea into Australia. Although geographically New Guinea was separate from Australia, it was part and parcel of their defence system. The Australian Government had always resisted such suggestions in the past on the ground that the obligations of the Mandate must continue and that the new trusteeship system, which would replace the Mandate, would give to the

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224130

trustee much greater powers in regard to defence matters than they had had under the Mandate system. They had been asked by the United Kingdom Government whether they would take the lead in announcing that they were ready to place their mandated territories under trusteeship and they had, in fact, made a public statement that they would do so. He suggested that in bringing the matter before the United Nations Assembly Field-Marshal Smuts should present to the Assembly full factual information regarding the territory.

MR. NASH said that from a personal point of view he, too, would like to support Field-Marshal Smuts. But he foresaw much argument in the Assembly on the proposition. He referred to the fact that the objective of the trusteeship system was that the territories under trusteeship should be led towards independence. If the overwhelming majority of the population wished that independence to take the form of association with South Africa, would that not be possible within the trusteeship system? In that event he thought that it might be possible for the New Zealand Government to support the proposition.

MR. ATTLEE suggested that an analogy for what Mr. Nash was proposing could be found in the case of Transjordan. Transjordan had now been given her independence and it was open to her, if she so desired, to associate herself with any other Arab State.

MR. NASH agreed that this would be an analogy.

DR. EVATT suggested, however, that the circumstances might be somewhat different, since it was not suggested that the population of South-West Africa were ready for full self-government now or would be within any foreseeable time. He suggested that it might be possible to include in a trusteeship agreement for South-West Africa a clause to the effect that if the people of the territory made it clear by a vote or plebiscite that they desired incorporation in the Union, then the trusteeship agreement should cease and incorporation should take place. He suggested that Field-Marshal Smuts might consider this suggestion.

MR. ATTLEE suggested that it might be useful if the initiative for incorporation could be shown to come from the people of South-West Africa rather than from the Union.

MR. HALL recalled that it was possible to specify in a trusteeship agreement a period of transition. Might not Field-Marshal Smuts's best course be to seek to place South-West Africa under trusteeship, obtaining in the trusteeship agreement a provision that after a period of, say, five years, the territory should be incorporated in the Union? He was bound to confess that if a straight application for immediate incorporation were made, he foresaw that there would be many difficulties at the Assembly. He reminded Field-Marshal Smuts that it would be necessary for him to secure a two-thirds majority for his proposal at the Assembly. If by any chance the proposal was not accepted, this would place not only South Africa but also some of the nations who supported her in a position of some difficulty. Nevertheless, what Lord Addison had said represented, of course, the considered view of the United Kingdom Government.

FIELD-MARSHAL SMUTS said that he was most anxious not to by-pass the United Nations Organisation because he had always been a strong supporter of the system. The position under the United Nations Charter was that if no agreement was reached for the placing of South-West Africa under trusteeship, it would remain with the Union. It could only come within the United Nations Organisation by an agreement to which the Union was a party. If there were no such agreement, then it remained outside the Organisation. The obligations of the Mandate would theoretically remain, but owing to the winding up of the League of Nations and the Permanent Mandates Commission there would be no authority to enforce their observance.

MR. MACKENZIE KING asked Field-Marshal Smuts what his answer would be if the United Nations Assembly were to request that a commission of enquiry might be sent to South-West Africa to confirm that the views of the inhabitants were in favour of incorporation.

FIELD-MARSHAL SMUTS said that that was a matter which could then be considered. The Union Government had already obtained the consent of both white and native inhabitants.

MR. NOEL-BAKER said he understood that Field-Marshal Smuts had in the Union Parliament expressed his willingness to continue to make reports to

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

the Trusteeship Council on affairs in South-West Africa. He suggested that it would be very helpful if he could make this point in laying the matter before the United Nations Organisation. He thought that if in addition Field-Marshal Smuts also offered a commission of enquiry, it might turn the scale in favour of South Africa's proposals. He thought that the United States delegation would be very anxious that nothing should be done which would discourage the French, the Belgians, or indeed the United States themselves from placing other territories under trusteeship. He suggested that it might be worth while for the South African Government before raising the matter in the Assembly to establish contact with the United States delegation, and particularly with Mr. John Foster Dulles, who had taken a particular interest in the subject.

FIELD-MARSHAL SMUTS said he was most grateful for the views expressed at the meeting. He proposed to consider further in the light of these the procedure which the Union Government should follow in the matter.

It was agreed that no public reference should be made to the fact that the subject had been discussed.

Future Business and Final Communiqué.

3. It was agreed that a draft of a communiqué to be issued after the final session on the following day should be circulated to Dominion Ministers as soon as possible. Various suggestions were made as to matters to be included in the communiqué.

LORD ADDISON said that before the meetings closed he would like to discover from Dominion Ministers whether they could suggest any improvements in the existing machinery for consultation between Commonwealth Governments. It was agreed that this might be discussed on the following afternoon.

Cabinet Office, S.W. 1,
22*nd May*, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224132

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

The circulation of this paper has been strictly limited. It is issued for the personal use of M. Mackenzie King

TOP SECRET. Copy No. 76

P.M.M. (46) 17th Meeting.

MEETING OF PRIME MINISTERS.

MINUTES of the Seventeenth Meeting held at No. 10 Downing Street, S.W. 1, on Wednesday, 22nd May, 1946, at 11 a.m.

Present:

The Right Hon. C. R. ATTLEE, M.P., Prime Minister of the United Kingdom (*in the Chair*).

United Kingdom.

The Right Hon. LORD JOWITT, Lord Chancellor.
The Right Hon. J. CHUTER EDE, M.P., Secretary of State for the Home Department.
The Right Hon. VISCOUNT ADDISON, Secretary of State for Dominion Affairs.
The Right Hon. G. H. HALL, M.P., Secretary of State for the Colonies.
The Right Hon. P. J. NOEL-BAKER, M.P., Minister of State.
Mr. ARTHUR HENDERSON, K.C., M.P., Parliamentary Under-Secretary of State for India.
Sir ERIC MACHTIG, Permanent Under-Secretary of State for Dominion Affairs.
Sir ALEXANDER MAXWELL, Permanent Under-Secretary of State for the Home Department.
Sir OSCAR DOWSON, Legal Adviser, Home Office.

Canada.

The Right Hon. W. L. MACKENZIE KING, Prime Minister of Canada.
Mr. N. A. ROBERTSON, Under-Secretary for External Affairs.
Mr. R. G. ROBERTSON, Prime Minister's Office.
Mr. J. W. HOLMES, Office of the High Commissioner for Canada.

Australia.

The Right Hon. H. V. EVATT, Minister of External Affairs.
The Right Hon. J. A. BEASLEY, High Commissioner for Australia.
Mr. J. D. L. HOOD, External Affairs Liaison Officer in London.
Dr. J. W. BURTON, Department of External Affairs.

New Zealand.

The Right Hon. W. NASH, Deputy Prime Minister of New Zealand.
Mr. F. SHANAHAN, Secretary of Cabinet.

South Africa.

Field-Marshal The Right Hon. J. C. SMUTS, Prime Minister of South Africa.
Mr. G. HEATON NICHOLLS, High Commissioner for South Africa.
Mr. D. D. FORSYTH, Secretary for External Affairs.
Dr. L. H. WESSELS, Department of External Affairs.
Mr. R. JONES, Office of the High Commissioner for South Africa.
Mr. D. B. SOLE, Office of the High Commissioner for South Africa.

Secretariat.

Sir NORMAN BROOK.
Sir JOHN STEPHENSON.
Mr. C. G. EASTWOOD.
The Hon. F. E. CUMMING-BRUCE.

[31898—3]

R

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224133

CONTENTS.

1. Nationality of Married Women.
2. South-West Africa.
3. Future Business and Final Communiqué.

Nationality of Married Women.

1. The meeting had before them memoranda by the South African Delegation (P.M.M. (46) 28) and by United Kingdom Ministers (P.M.M. (46) 30) on the nationality of married women.

FIELD-MARSHAL SMUTS said that forceful representations had been made to the Union Government to the effect that the nationality of a wife should not be affected without her consent either by the mere fact of marriage or by any change in her husband's nationality. The Union Goverment were disposed to agree that a British woman should retain her British nationality on marriage to an alien unless she explicitly declared her desire to acquire her husband's nationality; and that, similarly, a British woman should be allowed to retain her British nationality if her husband, having been a British subject at the time of the marriage, subsequently became an alien. The Union Government had, however, wished to ascertain the views of other members of the British Commonwealth on this question. In the memorandum by the United Kingdom Ministers (P.M.M. (46) 30) it had been pointed out that provision had already been made in the laws of the United Kingdom and of the Dominions other than South Africa to give effect to the principle that the naturalisation of the husband during marriage shall not involve a change in the nationality of the wife except with her consent. The nationality laws of these parts of the British Commonwealth also enabled a British woman, on marriage with an alien, to retain her British nationality in all cases where she did not acquire her husband's nationality under the law of his country. British nationality law would, however, be profoundly affected by a new Nationality Bill now under consideration by the Canadian Parliament; and the United Kingdom Government had already suggested to all Dominion Governments that a conference of experts should be held to consider what changes should be made in the nationality laws of the other self-governing parts of the Commonwealth, or what other action should be taken, to preserve the common status of British subjects, in the light of the new approach to the question of British nationality which was made in this Canadian Bill. The United Kingdom Ministers had therefore suggested that this conference of experts should now be invited to study, not only the issues raised by the Canadian Bill, but also the detailed questions which would arise if the principle of equality of the sexes were generally accepted by all countries of the Commonwealth as the basis of their law relating to the nationality of married women.

Field-Marshal Smuts said he recognised that this was a technical subject which called for detailed study by experts; and he supported the suggestion that it should be remitted for detailed investigation by the conference of experts on nationality law which had been proposed by the United Kingdom Government.

MR. MACKENZIE KING said that the Canadian Government agreed that such a conference should be held and would be glad to nominate legal experts to take part in it. He also agreed that the questions which Field-Marshal Smuts had raised about the nationality of married women should be included among the subjects to be discussed at the conference. While he agreed with the substance of what was said about the new Canadian Bill in paragraph 10 of the memorandum by United Kingdom Ministers (P.M.M. (46) 30) he asked that, if reference were made to this in any public statement, it should take the following form :—

> "In view of the fact that the Canadian Bill introduces certain new principles in nationality legislation, the United Kingdom Government has suggested the desirability of holding a meeting of legal experts to examine the possible modifications in the general status of British subjects that would result from it and which may make desirable corresponding changes in the legislation of the other countries of the Commonwealth."

LORD ADDISON said that he readily accepted the amended version of this statement proposed by Mr. Mackenzie King.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224134

DR. EVATT said that, as stated in paragraph 4 of P.M.M. (46) 30, the Australian law already provided that a British woman marrying an alien should retain the rights and obligations of a British subject in Australia, even though she acquired by her marriage the nationality of her husband. The Australian Government desired, however, that such rights conceded by the laws of one part of the British Commonwealth should be recognised in other parts of the Commonwealth; and they therefore favoured discussion of this problem on a Commonwealth basis. They also desired similar discussion of the new situation created by the Canadian Bill—though they were themselves disposed in principle to favour the changes proposed by that Bill. All these matters raised, however, a number of complex legal issues, which required detailed examination by experts; and it would be inexpedient for Governments to express their final views until a conference of experts had been held and its report had been considered.

MR. NASH said that his Government favoured the view that the law relating to the nationality of married women should be based on the principle of equality of the sexes. At the same time they recognised that difficult legal issues were involved and he supported the proposal for the holding of a conference of experts to consider these problems relating to the nationality of married women, and also the wider issues raised by the Canadian Nationality Bill.

MR. MACKENZIE KING said that the Canadian Government were anxious to bring their new Nationality Bill into operation on the 1st January, 1947, and on this account they would be glad if the proposed conference of experts could be held at an early date.

Further discussion showed that there was general agreement that the conference of experts should be held in London during the course of the next few weeks.

> It was agreed that Lord Addison should discuss with the Lord Chancellor the detailed terms of reference for the proposed conference of experts on British nationality law and should thereafter take steps to convene the conference in London at the earliest date convenient to the representatives of the various Dominions.

South-West Africa.

2. FIELD-MARSHAL SMUTS said that he wished to take this opportunity of discussing with representatives of other parts of the Commonwealth the proposals of the South African Government for the future of South-West Africa.

South-West Africa was now held by the Union of South Africa under a "C"-class Mandate. It was, however, different from other territories in that class in that geographically it was part and parcel of South Africa. Indeed, it was only by historical accident that it did not form part of the Union. In the scramble for Africa, Germany had acquired this barren country in 1886 and built up a colony there with immigrants from Germany. These German settlers caused the South African Government considerable trouble during the 1914–18 war.

At the Peace Conference after the last war President Wilson had been sympathetic to the idea that the territory should be annexed by South Africa. A statement had, however, been included in the Fourteen Points which precluded annexations of territory. A way out of this difficulty was found by the creation of the special "C"-class Mandates, which could be administered by the Mandatory Power as integral parts of its territory. South-West Africa had been administered accordingly ever since, but there was a strong feeling in South Africa that it should now be incorporated in the Union. South Africa had been troubled again before this war by a Nazi movement among the settlers in South-West Africa, and it had been necessary to send from the Union a strong police force to keep the peace in the territory.

The white population in South-West Africa, numbering some 31,000, had a local Parliament of their own. It had, however, no jurisdiction over the native population, as the Union had responsibility under the Mandate for native policy. The local Parliament had passed unanimously more than one resolution that the territory should be incorporated in the Union. The Union Government had consulted the native population; this numbered some 350,000, consisting in part of scattered and disintegrated tribes, with very little tribal organisation, but for the most part of more highly organised and virile Bantu tribes. These were governed practically

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

on the principles of indirect rule with their own chiefs and councils. While it had been rather difficult to consult the scattered tribes, consultation with those who had their own council had been easier and it was possible to say that some 80 per cent. of the native population had agreed that the territory should be incorporated in the Union.

Field-Marshal Smuts said that in San Francisco he had given notice that he would apply to the United Nations Organisation for their approval of incorporation. He recalled that the objective of the trusteeship system was the development of self-government. It seemed to him that this objective could be reached equally well by making a mandated territory independent and by making it, at its own request, part of a neighbouring independent territory. He proposed to raise the matter, therefore, at the Assembly in September next. He quite appreciated that there might be criticisms of the proposals in the Assembly, because other Powers holding Mandates were accepting trusteeship arrangements. There would be opposition from those who, for one reason or another, were not in sympathy with the policy of the Union Government and from those who objected in principle to the colonial system or imperialism. In these circumstances, the South African Government were anxious for such assurances of support as they could obtain and naturally they turned first to their friends in the Commonwealth. The argument was often put forward in South Africa that she derived status and strength from membership of the immensely powerful association of the Commonwealth. If now she received support from the other members of the Commonwealth, that would be striking evidence of the truth of the argument and would be of very great assistance in promoting the causes they all had at heart.

LORD ADDISON said that the United Kingdom Government had given much thought to this matter. They recognised the great force of the considerations to which Field-Marshal Smuts had referred and they were clear that geographically South-West Africa would naturally be associated with the Union. Indeed Walvis Bay, its port, was already part of the Union. On the other hand, they were alive to the difficulties which were likely to arise in discussion of this matter at the United Nations Assembly. The chief concern of the United Kingdom Government had been whether incorporation would be supported by the inhabitants of the territory. They had concluded that, on the understanding that it was so supported, they would themselves give the South African Government their support. It seemed clear that the white population was heartily in support of incorporation. As to the natives, they understand that a section of the Herreros did not favour it but that a very large majority of the remainder were in favour.

Lord Addison said that the view of the United Kingdom Government had been reached after full consideration and detailed discussion as to the facts of the situation.

MR. MACKENZIE KING said that, if he had been in Field-Marshal Smuts's place, he did not doubt that he would have taken the same view of the matter. He had not had an opportunity of discussing it with his colleagues but he thought that they would share his opinion. He assumed that it would not be advisable to make any declaration of the attitude of the other members of the Commonwealth before the matter was brought before the United Nations Assembly.

FIELD-MARSHAL SMUTS agreed with this. He thought that any prior expression of solidarity by countries of the Commonwealth would be very undesirable.

DR. EVATT said that his advice would be that Field-Marshal Smuts should tread very warily in this matter. He felt certain that his proposal would meet with objection at the United Nations Assembly. At San Francisco there had been very strong feeling against the annexation of Mandated Territories. He thought that that feeling would be found also in the Assembly.

Speaking personally, he had every sympathy with Field-Marshal Smuts's general objectives and so far as he could he would do nothing to embarrass him. But the Australian Government had had no opportunity of considering the matter. They would have to take into account that, if South Africa incorporated South-West Africa, it would provide an argument to their own expansionists for the incorporation of New Guinea into Australia. Although geographically New Guinea was separate from Australia, it was part and parcel of their defence system. The Australian Government had always resisted such suggestions in the past on the ground that the obligations of the Mandate must continue and that the new trusteeship system, which would replace the Mandate, would give to the

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224136

trustee much greater powers in regard to defence matters than they had had under the Mandate system. They had been asked by the United Kingdom Government whether they would take the lead in announcing that they were ready to place their mandated territories under trusteeship and they had, in fact, made a public statement that they would do so. He suggested that in bringing the matter before the United Nations Assembly Field-Marshal Smuts should present to the Assembly full factual information regarding the territory.

MR. NASH said that from a personal point of view he, too, would like to support Field-Marshal Smuts. But he foresaw much argument in the Assembly on the proposition. He referred to the fact that the objective of the trusteeship system was that the territories under trusteeship should be led towards independence. If the overwhelming majority of the population wished that independence to take the form of association with South Africa, would that not be possible within the trusteeship system? In that event he thought that it might be possible for the New Zealand Government to support the proposition.

MR. ATTLEE suggested that an analogy for what Mr. Nash was proposing could be found in the case of Transjordan. Transjordan had now been given her independence and it was open to her, if she so desired, to associate herself with any other Arab State.

MR. NASH agreed that this would be an analogy.

DR. EVATT suggested, however, that the circumstances might be somewhat different, since it was not suggested that the population of South-West Africa were ready for full self-government now or would be within any foreseeable time. He suggested that it might be possible to include in a trusteeship agreement for South-West Africa a clause to the effect that if the people of the territory made it clear by a vote or plebiscite that they desired incorporation in the Union, then the trusteeship agreement should cease and incorporation should take place. He suggested that Field-Marshal Smuts might consider this suggestion.

MR. ATTLEE suggested that it might be useful if the initiative for incorporation could be shown to come from the people of South-West Africa rather than from the Union.

MR. HALL recalled that it was possible to specify in a trusteeship agreement a period of transition. Might not Field-Marshal Smuts's best course be to seek to place South-West Africa under trusteeship, obtaining in the trusteeship agreement a provision that after a period of, say, five years, the territory should be incorporated in the Union? He was bound to confess that if a straight application for immediate incorporation were made, he foresaw that there would be many difficulties at the Assembly. He reminded Field-Marshal Smuts that it would be necessary for him to secure a two-thirds majority for his proposal at the Assembly. If by any chance the proposal was not accepted, this would place not only South Africa but also some of the nations who supported her in a position of some difficulty. Nevertheless, what Lord Addison had said represented, of course, the considered view of the United Kingdom Government.

FIELD-MARSHAL SMUTS said that he was most anxious not to by-pass the United Nations Organisation because he had always been a strong supporter of the system. The position under the United Nations Charter was that if no agreement was reached for the placing of South-West Africa under trusteeship, it would remain with the Union. It could only come within the United Nations Organisation by an agreement to which the Union was a party. If there were no such agreement, then it remained outside the Organisation. The obligations of the Mandate would theoretically remain, but owing to the winding up of the League of Nations and the Permanent Mandates Commission there would be no authority to enforce their observance.

MR. MACKENZIE KING asked Field-Marshal Smuts what his answer would be if the United Nations Assembly were to request that a commission of enquiry might be sent to South-West Africa to confirm that the views of the inhabitants were in favour of incorporation.

FIELD-MARSHAL SMUTS said that that was a matter which could then be considered. The Union Government had already obtained the consent of both white and native inhabitants.

MR. NOEL-BAKER said he understood that Field-Marshal Smuts had in the Union Parliament expressed his willingness to continue to make reports to

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224137

the Trusteeship Council on affairs in South-West Africa. He suggested that it would be very helpful if he could make this point in laying the matter before the United Nations Organisation. He thought that if in addition Field-Marshal Smuts also offered a commission of enquiry, it might turn the scale in favour of South Africa's proposals. He thought that the United States delegation would be very anxious that nothing should be done which would discourage the French, the Belgians, or indeed the United States themselves from placing other territories under trusteeship. He suggested that it might be worth while for the South African Government before raising the matter in the Assembly to establish contact with the United States delegation, and particularly with Mr. John Foster Dulles, who had taken a particular interest in the subject.

FIELD-MARSHAL SMUTS said he was most grateful for the views expressed at the meeting. He proposed to consider further in the light of these the procedure which the Union Government should follow in the matter.

It was agreed that no public reference should be made to the fact that the subject had been discussed.

Future Business and Final Communiqué.

3. It was agreed that a draft of a communiqué to be issued after the final session on the following day should be circulated to Dominion Ministers as soon as possible. Various suggestions were made as to matters to be included in the communiqué.

LORD ADDISON said that before the meetings closed he would like to discover from Dominion Ministers whether they could suggest any improvements in the existing machinery for consultation between Commonwealth Governments. It was agreed that this might be discussed on the following afternoon.

Cabinet Office, *S.W.* 1,
22*nd May*, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

C224138

SECRET. Copy No. 58

P.M.M. (46) 34.

22*nd May*, 1946.

MEETING OF PRIME MINISTERS.

FINAL COMMUNIQUÉ.

NOTE BY VISCOUNT ADDISON.

I attach the draft of a final communiqué for consideration at the meeting to-morrow afternoon, Thursday, the 23rd May, 1946.

A.

Dominions Office, S.W. 1,
22*nd May*, 1946.

ANNEX.

DRAFT COMMUNIQUÉ.

In the course of the last five weeks the Prime Ministers of the United Kingdom, Canada, Australia and South Africa, and the Deputy Prime Minister of New Zealand, have engaged in informal consultations on a number of questions arising in connection with the post-war settlements. The Prime Minister of Canada was present from the 20th to 24th May, the Prime Minister of Australia from the 23rd April to the 6th May, and the Prime Minister of South Africa from the 28th April to the 23rd May. The Deputy Prime Minister of New Zealand was present throughout. The Prime Minister of Australia was represented, after his departure, by the Australian Minister of External Affairs. The representatives of Canada, Australia, New Zealand and South Africa desire to place on record their sincere thanks to the Prime Minister of the United Kingdom for presiding over the meetings and for his constant and valuable help.

The discussions have been in the nature of an informal exchange of views. They have covered a broad field and have contributed greatly to the elucidation of many problems and to a mutual understanding of the issues involved. Among the subjects on which views were exchanged were the draft peace treaties with Italy, Roumania, Bulgaria, Hungary and Finland; the future of Germany; security responsibilities and arrangements for liaison between British Commonwealth Governments on military affairs; and economic and welfare co-operation in the South Pacific and South-East Asia. The opportunity was taken for consultations on other current issues and matters of mutual interest, including separate consultations between individual United Kingdom and Dominion Ministers on questions specially affecting one or two countries only.

At the conclusion of the meetings, the assembled representatives of the United Kingdom, Canada, Australia, New Zealand and South Africa place on record their appreciation of the value of this series of consultations which exemplifies the system of free discussion and exchange of view that characterises the relations of the countries of the British Commonwealth. This system has proved its worth. It is based on a continuous exchange of information and comment between the different members of the Commonwealth. It is flexible and can be used to meet a variety of situations and needs, both those where the responsibility is on one

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224139

member alone and where the responsibility may have to be shared. It is peculiarly appropriate to the character of the British Commonwealth, with its independent members who have shown by their sacrifices in the common cause their devotion to kindred ideals and their community of outlook. While all are willing to consider and adopt any practical proposals for developing the existing system, it is agreed that the methods now practised are preferable to any formal centralised machinery. In their view such centralised machinery would not facilitate, and might even hamper, the effective co-operation which is the essential characteristic of the British Commonwealth and its great achievement.

They reaffirm their belief in the efficacy of free and constant consultation and co-operation, not only within the British Commonwealth but also in the wider international sphere. Moreover, they are determined to do everything in their power so that the historic co-operation of the allies in war shall be maintained in peace, to the utmost possible extent, and they look forward to the steady development of closer international co-operation based on increasing mutual confidence and devoted to the raising of human standards in conditions of liberty throughout the whole world. They declare again the determination of their Governments to give the fullest support to the United Nations Organisation, not only as a foundation of future peace and security but also as a means for promoting economic progress and social welfare.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

(THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT)

S E C R E T

C224140

P.M.M.(46) 34

COPY NO. 58

22ND MAY, 1946

MEETING OF PRIME MINISTERS

FINAL COMMUNIQUÉ

Note by Viscount Addison

I attach the draft of a final communiqué for consideration at the meeting to-morrow afternoon, Thursday, 23rd May, 1946.

A.

Dominions Office, S.W.1,

22nd May, 1946.

ANNEX

DRAFT COMMUNIQUÉ

In the course of the last five weeks the Prime Ministers of the United Kingdom, Canada, Australia and South Africa, and the Deputy Prime Minister of New Zealand, have engaged in informal consultations on a number of questions arising in connection with the post-war settlements. The Prime Minister of Canada was present from the 20th to 24th May, the Prime Minister of Australia from the 23rd April to 6th May, and the Prime Minister of South Africa from the 28th April to 23rd May. The Deputy Prime Minister of New Zealand was present throughout. The Prime Minister of Australia was represented after his departure by the Australian Minister of External Affairs. The representatives of Canada, Australia, New Zealand and South Africa desire to place on record their sincere thanks to the Prime Minister of the United Kingdom for presiding over the meetings and for his constant and valuable help.

The discussions have been in the nature of an informal exchange of views. They have covered a broad field and have contributed greatly to the elucidation of many problems and to a mutual understanding of the issues involved. Among the subjects on which views were exchanged were the draft peace treaties with Italy, Roumania, Bulgaria, Hungary and Finland; the future of Germany; security responsibilities and arrangements for liaison between British Commonwealth Governments on military affairs; and economic and welfare co-operation in the South Pacific and South-East Asia. The opportunity was taken for consultations on other current issues and matters of mutual interest, including separate consultations between individual United Kingdom and Dominion Ministers on questions specially affecting one or two countries only.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

At the conclusion of the meetings, the assembled representatives of the United Kingdom, Canada, Australia, New Zealand and South Africa place on record their appreciation of the value of this series of consultations which exemplifies the system of free discussion and exchange of view that characterises the relations of the countries of the British Commonwealth. This system has proved its worth. It is based on a continuous exchange of information and comment between the different members of the Commonwealth. It is flexible and can be used to meet a variety of situations and needs, both those where the responsibility is on one member alone and where the responsibility may have to be shared. It is peculiarly appropriate to the character of the British Commonwealth, with its independent members who have shown by their sacrifices in the common cause their devotion to kindred ideals and their community of outlook. While all are willing to consider and adopt any practical proposals for developing the existing system, it is agreed that the methods now practised are preferable to any formal centralised machinery. In their view such centralised machinery would not facilitate, and might even hamper, the effective co-operation, which is the essential characteristic of the British Commonwealth and its great achievement.

They reaffirm their belief in the efficacy of free and constant consultation and co-operation, not only within the British Commonwealth but also in the wider international sphere. Moreover, they are determined to do everything in their power so that the historic co-operation of the Allies in war shall be maintained in peace, to the utmost possible extent, and they look forward to the steady development of closer international co-operation based on increasing mutual confidence and devoted to the raising of human standards in conditions of liberty throughout the whole world. They declare again the determination of their Governments to give the fullest support to the United Nations Organisation, not only as a foundation of future peace and security but also as a means for promoting economic progress and social welfare.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C224142

SEATING ARRANGEMENTS FOR SEVENTEENTH MEETING

Mr. Noel Baker,
Minister of
State

Mr. Arthur
Henderson,
Parliamentary
Under-Secretary
of State for India

Sir Oscar Dowson,
Legal Adviser,
Home Office

Mr. F. Shanahan,
Secretary of Cabinet

Sir Alexander Maxwell,
Permanent Under-
Secretary of State
for Home Affairs

Rt. Hon. W. Nash

Rt. Hon. J. Chuter Ede,
Secretary of State
for Home Affairs

Mr. N.A. Robertson,
Under-Secretary for
External Affairs

Rt. Hon. Lord Jowitt,
Lord Chancellor

Rt. Hon. Mackenzie King

Rt. Hon. G.H. Hall,
Secretary of State
for the Colonies

Rt. Hon. Vincent Massey,
High Commissioner
for Canada

Prime Minister

Rt. Hon. H.V. Evatt

Sir Norman Brook

Viscount Addison,
Secretary of State
for Dominion Affairs

Rt. Hon. J.A. Beasley,
High Commissioner
for Australia

Sir Eric Machtig,
Permanent Under-
Secretary of State
for Dominion Affairs

Field Marshal J.C. Smuts

Sir John Stephenson

Mr. G. Heaton Nicholls,
High Commissioner
for South Africa

Mr. C.G.
Eastwood

Dr. L.H.
Wessels,
Department
of External
Affairs,
South Africa

Mr. D.D. Forsyth,
Secretary for
External Affairs,
South Africa

Mr. F.E. Cumming-Bruce

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C224143

(THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT)

S E C R E T

P.M.M.(46) 18th Meeting COPY NO. 86

MEETING OF PRIME MINISTERS

MEETING to be held at No. 10 Downing Street, S.W.1, on WEDNESDAY, 22ND MAY, 1946, at 3.45 p.m.

AGENDA

1. ATOMIC ENERGY

Note by the Secretaries
(P.M.M.(46) 19 - already circulated) with PM
(P.M.M.(46) 11th Meeting, Minute 1 is also relevant)

2. UNITED KINGDOM DEFENCE OBLIGATIONS

Memorandum by the Secretary of State for Dominion Affairs
(P.M.M.(46) 31 - already circulated) attached

(Signed) NORMAN BROOK
J.E. STEPHENSON

Cabinet Office, S.W.1.

21ST MAY, 1946.

Note: The following has been invited to attend:-

At 3.45 p.m. for Item 1 Minister of Supply.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

C224144

The circulation of this paper has been strictly limited. It is issued for the personal use of Official Secretary, Canadian Delt.

TOP SECRET. Copy No. 60

P.M.M. (46) 18th Meeting.

MEETING OF PRIME MINISTERS.

MINUTES of the Eighteenth Meeting held at No. 10 *Downing Street, S.W.* 1, *on Wednesday,* 22*nd May,* 1946, *at* 3·45 *p.m.*

Present :

The Right Hon. C. R. ATTLEE, M.P., Prime Minister of the United Kingdom (*in the Chair*).

United Kingdom.

The Right Hon. ERNEST BEVIN, M.P., Secretary of State for Foreign Affairs.
The Right Hon. HUGH DALTON, M.P., Chancellor of the Exchequer.
The Right Hon. VISCOUNT ADDISON, Secretary of State for Dominion Affairs.
The Right Hon. G. H. HALL, M.P., Secretary of State for the Colonies.
The Right Hon. JOHN WILMOT, M.P., Minister of Supply.
Mr. ARTHUR HENDERSON, K.C., M.P., Parliamentary Under-Secretary of State for India.
Admiral of the Fleet VISCOUNT CUNNINGHAM OF HYNDHOPE, First Sea Lord and Chief of Naval Staff.
Marshal of the Royal Air Force LORD TEDDER, Chief of the Air Staff.
Lieutenant-General F. E. W. SIMPSON, Vice-Chief of the Imperial General Staff.
General Sir HASTINGS ISMAY, Office of the Minister of Defence.
Sir ERIC MACHTIG, Permanent Under-Secretary of State for Dominion Affairs.
Mr. N. BUTLER, Foreign Office.
Mr. M. W. PERRIN, Ministry of Supply.
Mr. F. C. How, Ministry of Supply.

Canada.

The Right Hon. W. L. MACKENZIE KING, Prime Minister of Canada.
Mr. N. A. ROBERTSON, Under-Secretary for External Affairs.
Dr. J. GIBSON, Prime Minister's Office.
Mr. J. W. HOLMES, Office of the High Commissioner for Canada.

Australia.

The Right Hon. H. V. EVATT, Minister of External Affairs.
The Right Hon. J. A. BEASLEY, High Commissioner for Australia.
Mr. J. D. L. HOOD, External Affairs Liaison Officer in London.
Dr. J. W. BURTON, Department of External Affairs.
Dr. G. H. BRIGGS, Council of Scientific and Industrial Research, Australia.

New Zealand.

The Right Hon. W. NASH, Deputy Prime Minister of New Zealand.
Mr. F. SHANAHAN, Secretary of Cabinet.
Mr. F. H. CORNER, Department of External Affairs.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C224145

South Africa.

Field-Marshal The Right Hon. J. C. SMUTS, Prime Minister of South Africa.
Mr. G. HEATON NICHOLLS, High Commissioner for South Africa.
Mr. D. D. FORSYTH, Secretary for External Affairs.
Mr. R. JONES, Office of the High Commissioner for South Africa.

Secretariat.

Sir NORMAN BROOK.
Major-General Sir LESLIE HOLLIS.
Sir JOHN STEPHENSON.
Mr. C. G. EASTWOOD.
The Hon. F. E. CUMMING-BRUCE.
Mr. D. H. F. RICKETT.
Wing-Commander W. F. LAMB.

CONTENTS.

1. Atomic Energy.
2. United Kingdom Defence Obligations.

Atomic Energy.

1. The meeting discussed questions relating to the development and use of Atomic Energy. The discussion is recorded in a Confidential Annex.

United Kingdom Defence Obligations.

2. The meeting had before them a memorandum by Lord Addison (P.M.M. (46) 31) summarising the present military and financial commitments of the United Kingdom. The memorandum showed that, in order to carry out the military commitments essential to an effective foreign policy, the United Kingdom would need to maintain in 1947 forces varying between 1,194,000 in strength at the beginning of the year and 1,077,000 at the end. There would be no alternative to the maintenance of lengthy compulsory military service over the next five years. Total military expenditure in the current year was £1,200 million plus additional charges arising from the termination of the war of £576 million which would be largely non-recurrent. Of the figure of £1,200 million some £250 million would be incurred overseas. Particulars were also given of other inescapable overseas expenditure to a total of £195 million to indicate the strain imposed on the United Kingdom's balance of payments.

LORD ADDISON, in recalling the previous discussions on responsibilities for Commonwealth defence, said that United Kingdom Ministers desired to bring to the attention of the Dominions the heavy burden now being borne by the United Kingdom. This short factual statement had therefore been prepared to focus attention on the magnitude of her military and financial obligations.

MR. BEVIN said that in the past the United Kingdom had, to a great degree, assumed the responsibility of the provision of forces to maintain the security of the Commonwealth, and for that matter of much of the rest of the world also. She had been able to bear the cost of this largely out of the income derived from foreign investments. To-day the position had changed. Her income from foreign investments had been very greatly reduced and, in order to earn foreign exchange to make good the loss of revenue from foreign investments, she must increase her exports of manufactured goods. This in its turn involved a most serious strain on her man-power, for it had been estimated that it would entail an increase of approximately 500,000 in the labour force required for the export industries. The supply of civilian goods to the home

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

market must also be severely curtailed for some years to come. There was also the problem of finding funds for the repayment of the American loan—if it was granted—over the next 50 years. Mr. Bevin thought that it would have a disastrous effect in the sphere of foreign affairs if the United Kingdom defaulted on her obligations under the loan.

In these difficult circumstances the question arose in the mind of United Kingdom Ministers whether some relief could not be obtained for part of her defence burden, in respect of both man-power and finance. He did not suggest that there should be contributions to a common pool, nor was he suggesting any modification of the present freedom of action of the different members of the Commonwealth. But there might perhaps be some redistribution of responsibilities so that each member assumed special obligations in respect of that part of the world in which it was chiefly interested. We could not afford to return to the position of 1939 when the United Kingdom had had forces of only 500,000 and there had been no really co-ordinated plan of action in a common war effort. Having regard to the very great difficulty of maintaining the British position in foreign affairs, it would be a great reassurance to him if he knew that each member of the Commonwealth had a certain force ready which at the direction of the responsible Government could in an emergency be speedily mobilised and concentrated to take the strain in a particular area.

Referring to the measures necessary to maintain the strength of the armed forces in the United Kingdom, Mr. Bevin pointed out that for the first time in her history she would have to resort to compulsory military service in peace-time. The adolescent life of the country would be gravely affected by this measure, at a time when it was the universal desire to improve the standard of life and of education.

The Dominions could assist the United Kingdom in meeting her heavy obligations by direct or indirect means, and an overall review of the Commonwealth defence obligations seemed desirable, so that the burden could be apportioned in an equitable manner.

Dr. DALTON emphasised the magnitude of the financial commitments of the United Kingdom. Sterling balances to a very large total were held by many countries, both within the Empire and outside it. India's holdings accounted for approximately half the total; Egypt's holdings were also very large. As indicated in the memorandum military expenditure during the financial year 1946–47 would amount to £1,776 million, of which £1,200 million was recurrent. There were also other heavy commitments in overseas expenditure, such as the United Kingdom contribution to U.N.R.R.A., the expenditure in foreign exchange for Germany, expenditure in Greece and for Polish refugees, the relief and rehabilitation in Far Eastern colonies which had been overrun by the Japanese, and expenditure falling on the British Exchequer for peace-time developments in the Colonies.

Mr. ATTLEE made four points. First he wished to take this opportunity of acknowledging the very generous financial assistance already provided by the Dominions and especially by Canada. Secondly, he pointed out that, with the development of the United Nations Organisation, the United Kingdom would be called upon to make a contribution to the military forces to be put at the disposal of that Organisation. This would place an added burden upon this country, which would have to be met. Thirdly, he emphasised the magnitude of the military tasks in Europe which were the responsibility of British forces; these would continue for some time. Lastly, the United Kingdom was faced with the provision of forces for the protection of world-wide lines of communication; while in the past the Royal Navy had been able to carry out this task, air and ground forces were now also necessary. With the development of weapons, the quality and number of men required had increased, involving a greater strain than ever before on our resources of both man-power and finance. The future, therefore, gave cause for grave concern.

Mr. MACKENZIE KING said that he had read the memorandum with great attention. He would have liked to be able to make a positive contribution to the discussion but, as he had warned United Kingdom Ministers before he came, it would be quite impossible for him to discuss in any detail questions of defence or finance. His Ministers for Defence and Finance were not with him. He would be happy to make sure that the memorandum was made known to his colleagues and carefully studied by them. The matter was indeed one which

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

market must also be severely curtailed for some years to come. There was also the problem of finding funds for the repayment of the American loan—if it was granted—over the next 50 years. Mr. Bevin thought that it would have a disastrous effect in the sphere of foreign affairs if the United Kingdom defaulted on her obligations under the loan.

In these difficult circumstances the question arose in the mind of United Kingdom Ministers whether some relief could not be obtained for part of her defence burden, in respect of both man-power and finance. He did not suggest that there should be contributions to a common pool, nor was he suggesting any modification of the present freedom of action of the different members of the Commonwealth. But there might perhaps be some redistribution of responsibilities so that each member assumed special obligations in respect of that part of the world in which it was chiefly interested. We could not afford to return to the position of 1939 when the United Kingdom had had forces of only 500,000 and there had been no really co-ordinated plan of action in a common war effort. Having regard to the very great difficulty of maintaining the British position in foreign affairs, it would be a great reassurance to him if he knew that each member of the Commonwealth had a certain force ready which at the direction of the responsible Government could in an emergency be speedily mobilised and concentrated to take the strain in a particular area.

Referring to the measures necessary to maintain the strength of the armed forces in the United Kingdom, Mr. Bevin pointed out that for the first time in her history she would have to resort to compulsory military service in peace-time. The adolescent life of the country would be gravely affected by this measure, at a time when it was the universal desire to improve the standard of life and of education.

The Dominions could assist the United Kingdom in meeting her heavy obligations by direct or indirect means, and an overall review of the Commonwealth defence obligations seemed desirable, so that the burden could be apportioned in an equitable manner.

Dr. DALTON emphasised the magnitude of the financial commitments of the United Kingdom. Sterling balances to a very large total were held by many countries, both within the Empire and outside it. India's holdings accounted for approximately half the total; Egypt's holdings were also very large. As indicated in the memorandum military expenditure during the financial year 1946–47 would amount to £1,776 million, of which £1,200 million was recurrent. There were also other heavy commitments in overseas expenditure, such as the United Kingdom contribution to U.N.R.R.A., the expenditure in foreign exchange for Germany, expenditure in Greece and for Polish refugees, the relief and rehabilitation in Far Eastern colonies which had been overrun by the Japanese, and expenditure falling on the British Exchequer for peace-time developments in the Colonies.

Mr. ATTLEE made four points. First he wished to take this opportunity of acknowledging the very generous financial assistance already provided by the Dominions and especially by Canada. Secondly, he pointed out that, with the development of the United Nations Organisation, the United Kingdom would be called upon to make a contribution to the military forces to be put at the disposal of that Organisation. This would place an added burden upon this country, which would have to be met. Thirdly, he emphasised the magnitude of the military tasks in Europe which were the responsibility of British forces; these would continue for some time. Lastly, the United Kingdom was faced with the provision of forces for the protection of world-wide lines of communication; while in the past the Royal Navy had been able to carry out this task, air and ground forces were now also necessary. With the development of weapons, the quality and number of men required had increased, involving a greater strain than ever before on our resources of both man-power and finance. The future, therefore, gave cause for grave concern.

Mr. MACKENZIE KING said that he had read the memorandum with great attention. He would have liked to be able to make a positive contribution to the discussion but, as he had warned United Kingdom Ministers before he came, it would be quite impossible for him to discuss in any detail questions of defence or finance. His Ministers for Defence and Finance were not with him. He would be happy to make sure that the memorandum was made known to his colleagues and carefully studied by them. The matter was indeed one which

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

required careful study and he was not in a position to make any commitment at the present time. There were many considerations to be taken into account. Canada's own obligations were already very much greater than they had been before the war and the United Kingdom was not alone in having liabilities for the objects specified in the paper. It had also to be remembered that any contribution made to the military forces at the disposal of the United Nations Organisation must affect the decision on the extent of the Canadian contribution in the field of specific Commonwealth obligation. He added that the United States had vast resources. Had not the time come to ask them to assume greater security responsibilities in Europe?

DR. EVATT said that he found the memorandum a most impressive document. The figures it contained were to him most significant and he could quite understand the great anxiety which Mr. Attlee and his colleagues had on account of them. As in the case of the United Kingdom and Canada, Australia's expenditure on defence was already greatly increased, but Mr. Chifley had indicated at their earlier discussions that, in future, Australia must accept a permanent obligation greater than any that she had had before the war. It was worth taking out an insurance in peace-time against finding ourselves in the future as embarrassed as we had been in 1939. It had been the general view at the previous discussion that the problem could not be solved by the old method of a direct contribution by Dominion Governments to the cost of the United Kingdom services. Such a contribution to the Royal Navy had been suggested before the war. But this would be out of harmony with the temper of opinion in the Dominions. It seemed to him that each Dominion should rather assume obligations to provide forces under its own control for the defence of its territory and region. This was, in effect, a pooling of reserves. That was, indeed, the way that matters were developing in the Pacific. He added that greater decentralisation of control necessitated improved methods of military liaison. That matter had been discussed at an earlier meeting and he regarded it as very important. It was virtually true to say that there had been no Commonwealth plan for defence in 1939. We had had to improvise and in the result very effective arrangements had been worked out. He thought it would be most unfortunate if the foundations of this organisation were not kept in being. For instance, the Air Training Scheme had been a very important factor leading to victory. He would like a framework to be retained, which could be quickly revived if need be.

Dr. Evatt thought it worth mentioning that it had seemed to him more difficult in this war than in the previous war for officers from Dominion forces to rise to the most senior commands in the Empire, as General Monash had done. This might be due only to a difference in personal qualifications but it might also indicate some deficiency in the machinery for co-ordination of effort.

He noticed in the United Kingdom memorandum a reference to the fulfilment of commitments in the Netherlands East Indies. He hoped that British soldiers would not be kept there to maintain the Dutch position against the Indonesians. Quite apart from considerations of finance, he thought that politically this would be most unfortunate.

Finally, Dr. Evatt said that he would show this impressive document to Mr. Chifley who would study it most sympathetically with the desire to help in every way possible. Whatever could be done to lighten the burden on the United Kingdom should be done.

MR. NASH said that on the figures given it looked as though members of the Commonwealth other than the United Kingdom should bear some part of the cost at present being borne by her. But there were other factors which must also be taken into account and, as others had said, the subject required study. Dominion Governments, too, had their overseas expenditure: for instance, on the army of occupation in Japan and on contributions to U.N.R.R.A.

He suggested that it would be very useful if figures could be got out to show what was the cost in money and man-power of the defence of the whole Commonwealth. On that basis it would be possible to consider how the cost should be divided. Even if each Dominion were made responsible for the defence of its own region—and New Zealand would be willing to take their share in the Pacific—this would still leave the United Kingdom responsible for the lines of communication.

Mr. Nash feared that New Zealand's contribution could not in any event be large, compared to the very large figures of the United Kingdom. Her own expenditure for defence purposes had been in the neighbourhood of £1,000,000 before the war. It was this year of the order of £30,000,000.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C224148

FIELD-MARSHAL SMUTS said that he found the memorandum a very alarming document. At the end of the last war there was much talk of disarmament. We no longer thought disarmament possible, but it was melancholy to think that the responsibilities set out in this paper were the fruits of victory—and only the first fruits; what the future held in store no one could tell.

The members of the British Commonwealth had undertaken undefined obligations to the United Nations Organisation, but they had at least as great an obligation to the British group of nations as they had to the United Nations. If they were prepared to support the former, how much more should they be prepared to support their own group? Everything depended on maintaining strong and intact the influence of this group. In this dangerous world it was one of the great buttresses of world order. If it went, what would remain?

Field-Marshal Smuts said that he could not see what decisions could be taken at the moment in the light of this memorandum. They must take home the facts given in it and study them. Those facts would be a great shock to the people of the Dominions if they became known and would, he feared, lead to a greater sense of frustration than already existed. One thing, however, appeared to him quite clear—that the burden on one member of the group was well nigh intolerable. It was unfair to look to the British Isles, after the sacrifices made during the war, to continue to pay for the peace at the rate now indicated. The Dominions had been very proud of the record of the United Kingdom as well as of their own war efforts, but they had not perhaps thought of the burdens she bore. These matters had not been brought out, but they must now be considered very carefully.

Field-Marshal Smuts said that there were many difficulties with which Dominion statesmen had to reckon. For instance, any help given could not be in the form of "tribute." The United Kingdom would not expect that. There was in the Dominions a strong sense of nationalism. But there was also a strong national self-respect; they would realise a duty to carry part of this burden.

Field-Marshal Smuts said that the objective of every member of the Commonwealth must be the support of our group of nations as a great Power. The United Kingdom alone was no longer a great Power; it could not be so in the nature of things. Its power was now spread over the whole group and we must all adjust our view-points to this new situation. But it would require a great deal of education before people throughout the Empire would realise this fundamental change in the balance of power. Certainly the public in the Dominions, and he thought also the public in the United Kingdom, were not educated on these matters.

MR. MACKENZIE KING hoped that it would not be misunderstood if he took a somewhat reserved attitude on a paper of this importance. The question whether it would not be best to have a Commonwealth defence policy with allocation of specific liabilities was a recurrent one. Suggestions on this subject had been made as early as the Imperial Conference of 1923 and again in 1926. There had been strong Dominion opposition to the proposals, for while there were military and financial advantages in such a system, there were also political considerations which no Dominion Minister could afford to overlook. The best plan in the world was of no value if the people would not accept it.

Mr. Mackenzie King said that, in his view, the surest way to win the support of the Dominions was to trust them to accept the obligations which they believed to be natural and right. The experience of the war had proved the wisdom of this course. If there had been a highly centralised policy there might have been a very different response from the Dominions. But if ever liberty was at stake, they could be trusted to respond wholeheartedly to the call.

Mr. Mackenzie King believed in the closest co-ordination and closest understanding which could be achieved, but he was not in favour of reversing the tendencies of the last 20 years.

DR. EVATT felt that none of the views expressed had been in any way inconsistent with the principles stated by Mr. Mackenzie King. He did not disagree with anything that the Prime Minister of Canada had said. There was, he thought, general agreement that there could not be a rigid plan, based on centralised methods.

DR. DALTON said that he much appreciated the response of Dominion representatives to the statement of the United Kingdom Government's obligations. He shared the view of Field-Marshal Smuts that, when the public knew the facts of the heavy burden that remained as an aftermath of the war on the Commonwealth as a whole, they would be shocked by them. It would, he said, be

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

of great assistance if figures comparable to those of the paper under discussion could be made available in respect of each Dominion. Not only would these be of great interest for comparisons within the Commonwealth, but they would also give the outside world an adequate picture of the position.

MR. ATTLEE agreed that this would be very useful.

FIELD-MARSHAL SMUTS also agreed that such figures would be useful. He was not for a tighter organisation but he had a profound belief in the importance of educating public opinion, and he could vouch from his own reaction to the United Kingdom figures now circulated that the facts were little known.

LORD ADDISON said that there was unanimous support among British Commonwealth Governments for the political principles enunciated by Mr. Mackenzie King. These were of the first importance. There was much slipshod thought on the subject of Commonwealth relations and it was not generally realised that the Commonwealth was an association of independent States living and working according to common ideals. As Field-Marshal Smuts said, it was important that public opinion should be educated on these matters.

Cabinet Office, S.W. 1,
22*nd May*, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

C224150

The circulation of this paper has been strictly limited. It is issued for the personal use of Mr Mackenzie King

TOP SECRET. Copy No. 58

P.M.M. (46) 18th Meeting.

MEETING OF PRIME MINISTERS.

MINUTES of the Eighteenth Meeting held at No. 10 Downing Street, S.W. 1, on Wednesday, 22nd May, 1946, at 3·45 p.m.

Present :

The Right Hon. C. R. ATTLEE, M.P., Prime Minister of the United Kingdom (*in the Chair*).

United Kingdom.

The Right Hon. ERNEST BEVIN, M.P., Secretary of State for Foreign Affairs.
The Right Hon. HUGH DALTON, M.P., Chancellor of the Exchequer.
The Right Hon. VISCOUNT ADDISON, Secretary of State for Dominion Affairs.
The Right Hon. G. H. HALL, M.P., Secretary of State for the Colonies.
The Right Hon. JOHN WILMOT, M.P., Minister of Supply.
Mr. ARTHUR HENDERSON, K.C., M.P., Parliamentary Under-Secretary of State for India.
Admiral of the Fleet VISCOUNT CUNNINGHAM OF HYNDHOPE, First Sea Lord and Chief of Naval Staff.
Marshal of the Royal Air Force LORD TEDDER, Chief of the Air Staff.
Lieutenant-General F. E. W. SIMPSON, Vice-Chief of the Imperial General Staff.
General Sir HASTINGS ISMAY, Office of the Minister of Defence.
Sir ERIC MACHTIG, Permanent Under-Secretary of State for Dominion Affairs.
Mr. N. BUTLER, Foreign Office.
Mr. M. W. PERRIN, Ministry of Supply.
Mr. F. C. How, Ministry of Supply.

Canada.

The Right Hon. W. L. MACKENZIE KING, Prime Minister of Canada.
Mr. N. A. ROBERTSON, Under-Secretary for External Affairs.
Dr. J. GIBSON, Prime Minister's Office.
Mr. J. W. HOLMES, Office of the High Commissioner for Canada.

Australia.

The Right Hon. H. V. EVATT, Minister of External Affairs.
The Right Hon. J. A. BEASLEY, High Commissioner for Australia.
Mr. J. D. L. HOOD, External Affairs Liaison Officer in London.
Dr. J. W. BURTON, Department of External Affairs.
Dr. G. H. BRIGGS, Council of Scientific and Industrial Research, Australia.

New Zealand.

The Right Hon. W. NASH, Deputy Prime Minister of New Zealand.
Mr. F. SHANAHAN, Secretary of Cabinet.
Mr. F. H. CORNER, Department of External Affairs.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C224151

South Africa.

Field-Marshal The Right Hon. J. C. SMUTS, Prime Minister of South Africa.
Mr. G. HEATON NICHOLLS, High Commissioner for South Africa.
Mr. D. D. FORSYTH, Secretary for External Affairs.
Mr. R. JONES, Office of the High Commissioner for South Africa.

Secretariat.

Sir NORMAN BROOK.
Major-General Sir LESLIE HOLLIS.
Sir JOHN STEPHENSON.
Mr. C. G. EASTWOOD.
The Hon. F. E. CUMMING-BRUCE.
Mr. D. H. F. RICKETT.
Wing-Commander W. F. LAMB.

CONTENTS.

1. Atomic Energy.
2. United Kingdom Defence Obligations.

Atomic Energy.

1. The meeting discussed questions relating to the development and use of Atomic Energy. The discussion is recorded in a Confidential Annex.

United Kingdom Defence Obligations.

2. The meeting had before them a memorandum by Lord Addison (P.M.M. (46) 31) summarising the present military and financial commitments of the United Kingdom. The memorandum showed that, in order to carry out the military commitments essential to an effective foreign policy, the United Kingdom would need to maintain in 1947 forces varying between 1,194,000 in strength at the beginning of the year and 1,077,000 at the end. There would be no alternative to the maintenance of lengthy compulsory military service over the next five years. Total military expenditure in the current year was £1,200 million plus additional charges arising from the termination of the war of £576 million which would be largely non-recurrent. Of the figure of £1,200 million some £250 million would be incurred overseas. Particulars were also given of other inescapable overseas expenditure to a total of £195 million to indicate the strain imposed on the United Kingdom's balance of payments.

LORD ADDISON, in recalling the previous discussions on responsibilities for Commonwealth defence, said that United Kingdom Ministers desired to bring to the attention of the Dominions the heavy burden now being borne by the United Kingdom. This short factual statement had therefore been prepared to focus attention on the magnitude of her military and financial obligations.

MR. BEVIN said that in the past the United Kingdom had, to a great degree, assumed the responsibility of the provision of forces to maintain the security of the Commonwealth, and for that matter of much of the rest of the world also. She had been able to bear the cost of this largely out of the income derived from foreign investments. To-day the position had changed. Her income from foreign investments had been very greatly reduced and, in order to earn foreign exchange to make good the loss of revenue from foreign investments, she must increase her exports of manufactured goods. This in its turn involved a most serious strain on her man-power, for it had been estimated that it would entail an increase of approximately 500,000 in the labour force required for the export industries. The supply of civilian goods to the home

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

market must also be severely curtailed for some years to come. There was also the problem of finding funds for the repayment of the American loan—if it was granted—over the next 50 years. Mr. Bevin thought that it would have a disastrous effect in the sphere of foreign affairs if the United Kingdom defaulted on her obligations under the loan.

In these difficult circumstances the question arose in the mind of United Kingdom Ministers whether some relief could not be obtained for part of her defence burden, in respect of both man-power and finance. He did not suggest that there should be contributions to a common pool, nor was he suggesting any modification of the present freedom of action of the different members of the Commonwealth. But there might perhaps be some redistribution of responsibilities so that each member assumed special obligations in respect of that part of the world in which it was chiefly interested. We could not afford to return to the position of 1939 when the United Kingdom had had forces of only 500,000 and there had been no really co-ordinated plan of action in a common war effort. Having regard to the very great difficulty of maintaining the British position in foreign affairs, it would be a great reassurance to him if he knew that each member of the Commonwealth had a certain force ready which at the direction of the responsible Government could in an emergency be speedily mobilised and concentrated to take the strain in a particular area.

Referring to the measures necessary to maintain the strength of the armed forces in the United Kingdom, Mr. Bevin pointed out that for the first time in her history she would have to resort to compulsory military service in peace-time. The adolescent life of the country would be gravely affected by this measure, at a time when it was the universal desire to improve the standard of life and of education.

The Dominions could assist the United Kingdom in meeting her heavy obligations by direct or indirect means, and an overall review of the Commonwealth defence obligations seemed desirable, so that the burden could be apportioned in an equitable manner.

DR. DALTON emphasised the magnitude of the financial commitments of the United Kingdom. Sterling balances to a very large total were held by many countries, both within the Empire and outside it. India's holdings accounted for approximately half the total; Egypt's holdings were also very large. As indicated in the memorandum military expenditure during the financial year 1946–47 would amount to £1,776 million, of which £1,200 million was recurrent. There were also other heavy commitments in overseas expenditure, such as the United Kingdom contribution to U.N.R.R.A., the expenditure in foreign exchange for Germany, expenditure in Greece and for Polish refugees, the relief and rehabilitation in Far Eastern colonies which had been overrun by the Japanese, and expenditure falling on the British Exchequer for peace-time developments in the Colonies.

MR. ATTLEE made four points. First he wished to take this opportunity of acknowledging the very generous financial assistance already provided by the Dominions and especially by Canada. Secondly, he pointed out that, with the development of the United Nations Organisation, the United Kingdom would be called upon to make a contribution to the military forces to be put at the disposal of that Organisation. This would place an added burden upon this country, which would have to be met. Thirdly, he emphasised the magnitude of the military tasks in Europe which were the responsibility of British forces; these would continue for some time. Lastly, the United Kingdom was faced with the provision of forces for the protection of world-wide lines of communication; while in the past the Royal Navy had been able to carry out this task, air and ground forces were now also necessary. With the development of weapons, the quality and number of men required had increased, involving a greater strain than ever before on our resources of both man-power and finance. The future, therefore, gave cause for grave concern.

MR. MACKENZIE KING said that he had read the memorandum with great attention. He would have liked to be able to make a positive contribution to the discussion but, as he had warned United Kingdom Ministers before he came, it would be quite impossible for him to discuss in any detail questions of defence or finance. His Ministers for Defence and Finance were not with him. He would be happy to make sure that the memorandum was made known to his colleagues and carefully studied by them. The matter was indeed one which

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C224152

market must also be severely curtailed for some years to come. There was also the problem of finding funds for the repayment of the American loan—if it was granted—over the next 50 years. Mr. Bevin thought that it would have a disastrous effect in the sphere of foreign affairs if the United Kingdom defaulted on her obligations under the loan.

In these difficult circumstances the question arose in the mind of United Kingdom Ministers whether some relief could not be obtained for part of her defence burden, in respect of both man-power and finance. He did not suggest that there should be contributions to a common pool, nor was he suggesting any modification of the present freedom of action of the different members of the Commonwealth. But there might perhaps be some redistribution of responsibilities so that each member assumed special obligations in respect of that part of the world in which it was chiefly interested. We could not afford to return to the position of 1939 when the United Kingdom had had forces of only 500,000 and there had been no really co-ordinated plan of action in a common war effort. Having regard to the very great difficulty of maintaining the British position in foreign affairs, it would be a great reassurance to him if he knew that each member of the Commonwealth had a certain force ready which at the direction of the responsible Government could in an emergency be speedily mobilised and concentrated to take the strain in a particular area.

Referring to the measures necessary to maintain the strength of the armed forces in the United Kingdom, Mr. Bevin pointed out that for the first time in her history she would have to resort to compulsory military service in peace-time. The adolescent life of the country would be gravely affected by this measure, at a time when it was the universal desire to improve the standard of life and of education.

The Dominions could assist the United Kingdom in meeting her heavy obligations by direct or indirect means, and an overall review of the Commonwealth defence obligations seemed desirable, so that the burden could be apportioned in an equitable manner.

Dr. DALTON emphasised the magnitude of the financial commitments of the United Kingdom. Sterling balances to a very large total were held by many countries, both within the Empire and outside it. India's holdings accounted for approximately half the total; Egypt's holdings were also very large. As indicated in the memorandum military expenditure during the financial year 1946–47 would amount to £1,776 million, of which £1,200 million was recurrent. There were also other heavy commitments in overseas expenditure, such as the United Kingdom contribution to U.N.R.R.A., the expenditure in foreign exchange for Germany, expenditure in Greece and for Polish refugees, the relief and rehabilitation in Far Eastern colonies which had been overrun by the Japanese, and expenditure falling on the British Exchequer for peace-time developments in the Colonies.

Mr. ATTLEE made four points. First he wished to take this opportunity of acknowledging the very generous financial assistance already provided by the Dominions and especially by Canada. Secondly, he pointed out that, with the development of the United Nations Organisation, the United Kingdom would be called upon to make a contribution to the military forces to be put at the disposal of that Organisation. This would place an added burden upon this country, which would have to be met. Thirdly, he emphasised the magnitude of the military tasks in Europe which were the responsibility of British forces; these would continue for some time. Lastly, the United Kingdom was faced with the provision of forces for the protection of world-wide lines of communication; while in the past the Royal Navy had been able to carry out this task, air and ground forces were now also necessary. With the development of weapons, the quality and number of men required had increased, involving a greater strain than ever before on our resources of both man-power and finance. The future, therefore, gave cause for grave concern.

Mr. MACKENZIE KING said that he had read the memorandum with great attention. He would have liked to be able to make a positive contribution to the discussion but, as he had warned United Kingdom Ministers before he came, it would be quite impossible for him to discuss in any detail questions of defence or finance. His Ministers for Defence and Finance were not with him. He would be happy to make sure that the memorandum was made known to his colleagues and carefully studied by them. The matter was indeed one which

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C224153

required careful study and he was not in a position to make any commitment at the present time. There were many considerations to be taken into account. Canada's own obligations were already very much greater than they had been before the war and the United Kingdom was not alone in having liabilities for the objects specified in the paper. It had also to be remembered that any contribution made to the military forces at the disposal of the United Nations Organisation must affect the decision on the extent of the Canadian contribution in the field of specific Commonwealth obligation. He added that the United States had vast resources. Had not the time come to ask them to assume greater security responsibilities in Europe?

DR. EVATT said that he found the memorandum a most impressive document. The figures it contained were to him most significant and he could quite understand the great anxiety which Mr. Attlee and his colleagues had on account of them. As in the case of the United Kingdom and Canada, Australia's expenditure on defence was already greatly increased, but Mr. Chifley had indicated at their earlier discussions that, in future, Australia must accept a permanent obligation greater than any that she had had before the war. It was worth taking out an insurance in peace-time against finding ourselves in the future as embarrassed as we had been in 1939. It had been the general view at the previous discussion that the problem could not be solved by the old method of a direct contribution by Dominion Governments to the cost of the United Kingdom services. Such a contribution to the Royal Navy had been suggested before the war. But this would be out of harmony with the temper of opinion in the Dominions. It seemed to him that each Dominion should rather assume obligations to provide forces under its own control for the defence of its territory and region. This was, in effect, a pooling of reserves. That was, indeed, the way that matters were developing in the Pacific. He added that greater decentralisation of control necessitated improved methods of military liaison. That matter had been discussed at an earlier meeting and he regarded it as very important. It was virtually true to say that there had been no Commonwealth plan for defence in 1939. We had had to improvise and in the result very effective arrangements had been worked out. He thought it would be most unfortunate if the foundations of this organisation were not kept in being. For instance, the Air Training Scheme had been a very important factor leading to victory. He would like a framework to be retained, which could be quickly revived if need be.

Dr. Evatt thought it worth mentioning that it had seemed to him more difficult in this war than in the previous war for officers from Dominion forces to rise to the most senior commands in the Empire, as General Monash had done. This might be due only to a difference in personal qualifications but it might also indicate some deficiency in the machinery for co-ordination of effort.

He noticed in the United Kingdom memorandum a reference to the fulfilment of commitments in the Netherlands East Indies. He hoped that British soldiers would not be kept there to maintain the Dutch position against the Indonesians. Quite apart from considerations of finance, he thought that politically this would be most unfortunate.

Finally, Dr. Evatt said that he would show this impressive document to Mr. Chifley who would study it most sympathetically with the desire to help in every way possible. Whatever could be done to lighten the burden on the United Kingdom should be done.

MR. NASH said that on the figures given it looked as though members of the Commonwealth other than the United Kingdom should bear some part of the cost at present being borne by her. But there were other factors which must also be taken into account and, as others had said, the subject required study. Dominion Governments, too, had their overseas expenditure: for instance, on the army of occupation in Japan and on contributions to U.N.R.R.A.

He suggested that it would be very useful if figures could be got out to show what was the cost in money and man-power of the defence of the whole Commonwealth. On that basis it would be possible to consider how the cost should be divided. Even if each Dominion were made responsible for the defence of its own region—and New Zealand would be willing to take their share in the Pacific—this would still leave the United Kingdom responsible for the lines of communication.

Mr. Nash feared that New Zealand's contribution could not in any event be large, compared to the very large figures of the United Kingdom. Her own expenditure for defence purposes had been in the neighbourhood of £1,000,000 before the war. It was this year of the order of £30,000,000.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

FIELD-MARSHAL SMUTS said that he found the memorandum a very alarming document. At the end of the last war there was much talk of disarmament. We no longer thought disarmament possible, but it was melancholy to think that the responsibilities set out in this paper were the fruits of victory—and only the first fruits; what the future held in store no one could tell.

The members of the British Commonwealth had undertaken undefined obligations to the United Nations Organisation, but they had at least as great an obligation to the British group of nations as they had to the United Nations. If they were prepared to support the former, how much more should they be prepared to support their own group? Everything depended on maintaining strong and intact the influence of this group. In this dangerous world it was one of the great buttresses of world order. If it went, what would remain?

Field-Marshal Smuts said that he could not see what decisions could be taken at the moment in the light of this memorandum. They must take home the facts given in it and study them. Those facts would be a great shock to the people of the Dominions if they became known and would, he feared, lead to a greater sense of frustration than already existed. One thing, however, appeared to him quite clear—that the burden on one member of the group was well nigh intolerable. It was unfair to look to the British Isles, after the sacrifices made during the war, to continue to pay for the peace at the rate now indicated. The Dominions had been very proud of the record of the United Kingdom as well as of their own war efforts, but they had not perhaps thought of the burdens she bore. These matters had not been brought out, but they must now be considered very carefully.

Field-Marshal Smuts said that there were many difficulties with which Dominion statesmen had to reckon. For instance, any help given could not be in the form of "tribute." The United Kingdom would not expect that. There was in the Dominions a strong sense of nationalism. But there was also a strong national self-respect; they would realise a duty to carry part of this burden.

Field-Marshal Smuts said that the objective of every member of the Commonwealth must be the support of our group of nations as a great Power. The United Kingdom alone was no longer a great Power; it could not be so in the nature of things. Its power was now spread over the whole group and we must all adjust our view-points to this new situation. But it would require a great deal of education before people throughout the Empire would realise this fundamental change in the balance of power. Certainly the public in the Dominions, and he thought also the public in the United Kingdom, were not educated on these matters.

MR. MACKENZIE KING hoped that it would not be misunderstood if he took a somewhat reserved attitude on a paper of this importance. The question whether it would not be best to have a Commonwealth defence policy with allocation of specific liabilities was a recurrent one. Suggestions on this subject had been made as early as the Imperial Conference of 1923 and again in 1926. There had been strong Dominion opposition to the proposals, for while there were military and financial advantages in such a system, there were also political considerations which no Dominion Minister could afford to overlook. The best plan in the world was of no value if the people would not accept it.

Mr. Mackenzie King said that, in his view, the surest way to win the support of the Dominions was to trust them to accept the obligations which they believed to be natural and right. The experience of the war had proved the wisdom of this course. If there had been a highly centralised policy there might have been a very different response from the Dominions. But if ever liberty was at stake, they could be trusted to respond wholeheartedly to the call.

Mr. Mackenzie King believed in the closest co-ordination and closest understanding which could be achieved, but he was not in favour of reversing the tendencies of the last 20 years.

DR. EVATT felt that none of the views expressed had been in any way inconsistent with the principles stated by Mr. Mackenzie King. He did not disagree with anything that the Prime Minister of Canada had said. There was, he thought, general agreement that there could not be a rigid plan, based on centralised methods.

DR. DALTON said that he much appreciated the response of Dominion representatives to the statement of the United Kingdom Government's obligations. He shared the view of Field-Marshal Smuts that, when the public knew the facts of the heavy burden that remained as an aftermath of the war on the Commonwealth as a whole, they would be shocked by them. It would, he said, be

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C224155

of great assistance if figures comparable to those of the paper under discussion could be made available in respect of each Dominion. Not only would these be of great interest for comparisons within the Commonwealth, but they would also give the outside world an adequate picture of the position.

MR. ATTLEE agreed that this would be very useful.

FIELD-MARSHAL SMUTS also agreed that such figures would be useful. He was not for a tighter organisation but he had a profound belief in the importance of educating public opinion, and he could vouch from his own reaction to the United Kingdom figures now circulated that the facts were little known.

LORD ADDISON said that there was unanimous support among British Commonwealth Governments for the political principles enunciated by Mr. Mackenzie King. These were of the first importance. There was much slipshod thought on the subject of Commonwealth relations and it was not generally realised that the Commonwealth was an association of independent States living and working according to common ideals. As Field-Marshal Smuts said, it was important that public opinion should be educated on these matters.

Cabinet Office, S.W. 1,
22*nd May*, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C224155

of great assistance if figures comparable to those of the paper under discussion could be made available in respect of each Dominion. Not only would these be of great interest for comparisons within the Commonwealth, but they would also give the outside world an adequate picture of the position.

MR. ATTLEE agreed that this would be very useful.

FIELD-MARSHAL SMUTS also agreed that such figures would be useful. He was not for a tighter organisation but he had a profound belief in the importance of educating public opinion, and he could vouch from his own reaction to the United Kingdom figures now circulated that the facts were little known.

LORD ADDISON said that there was unanimous support among British Commonwealth Governments for the political principles enunciated by Mr. Mackenzie King. These were of the first importance. There was much slipshod thought on the subject of Commonwealth relations and it was not generally realised that the Commonwealth was an association of independent States living and working according to common ideals. As Field-Marshal Smuts said, it was important that public opinion should be educated on these matters.

Cabinet Office, S.W. 1,
22*nd May*, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

C224156

The circulation of this paper has been strictly limited. It is issued for the personal use of Mr. Mackenzie King.

TOP SECRET. Copy No. 19

P.M.M. (46) 18th Meeting.

MEETING OF PRIME MINISTERS.

CONFIDENTIAL ANNEX: MINUTE 1.

(22nd May, 1946—3·45 p.m.)

Atomic Energy.

The Meeting had before them a note by the Secretaries (P.M.M. (46) 19).

MR. ATTLEE said that a preliminary discussion had taken place on this subject before Mr. Mackenzie King's arrival (P.M.M. (46) 11th Meeting, Minute 1), and that, as on that occasion, it might be convenient to consider the matter under the two heads of:

(i) Research and development work carried out on atomic energy in the Commonwealth.
(ii) The international control of atomic energy.

At the previous meeting Lord Portal had made a full statement on plans for research and development in the United Kingdom, some account of which had also been given in the paper circulated. It would be of interest to the meeting to hear from Mr. Mackenzie King of the progress made with the experimental work in Canada.

MR. WILMOT said that work was proceeding in the United Kingdom under three heads:

(*a*) The conversion of Harwell aerodrome to provide accommodation for the research establishment.
(*b*) The design and construction of a plant for the production of uranium metal.
(*c*) The selection of a suitable site for the large-scale graphite pile.

It would be most helpful to have the views of the Dominion Governments on the contribution which they might feel able to make to the project in the shape of raw materials and scientific man-power.

MR. MACKENZIE KING said that Canada would certainly be able to help by the provision of raw material and would gladly make whatever contribution they could through the seconding of scientists to work for a period in the United Kingdom.

Turning to developments in Canada, he said that the special laboratory of the National Research Council established at Montreal in 1942 continued to be the principal centre of research into atomic energy in Canada. This laboratory had been set up as a result of a proposal by the United Kingdom authorities that an important research project should be undertaken in Canada during the war as a joint enterprise. A pilot plant had also been erected at Chalk River, Ontario, to investigate the use of thorium as a starting point for the production of active material. This plant had been constructed under the direction of Professor J. D. Cockcroft who was to become the head of the atomic research establishment in the United Kingdom. Both United Kingdom and Canadian scientists had been closely associated in its design and very close liaison had been maintained throughout with the research authorities in the United States, who had helped

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C224157

particularly by the provision of materials. Information had been made freely available to scientific workers in the United States.

Dealing with raw materials, he said that the current output from the Eldorado Mines on Great Bear Lake in Canada was at present being delivered to the United States Army under a war-time contract, which required a certain tonnage to be delivered by 1947, after which it would terminate. Current production was less than 300 tons a year, and while this was a useful contribution toward the total requirements of the United States it was a comparatively modest percentage of the total demand of the United States and the United Kingdom. The Canadian Advisory Panel estimated that the Belgian Congo might produce between 3,300 and 4,000 tons of uranium oxide in 1946. This source might, however, be exhausted or depleted in the near future. It was understood that there were possibilities of developing important deposits in South Africa. If this was confirmed it might substantially change the supply position in favour of the United Kingdom. There were also reports of deposits of raw material in South Australia.

The Government of Canada under its war-time powers had taken over the entire plant of the Eldorado Mine and had also reserved to itself control of all uranium ore and similar minerals that might be discovered in Canada in the future. The Government also intended to introduce legislation very similar to that which had just been introduced in the United Kingdom.

Dr. EVATT said that the Lilienthal Report made it clear that there were limitations to the extent to which the United States Government had shared with the United Kingdom and Canada the lead which they enjoyed in the development of atomic energy. If we were to continue to work closely with the United States, should there not be a greater measure of disclosure, particularly of technical know-how? He could confirm the statement that deposits of uranium had been discovered in South Australia, and there were also extensive deposits of thorium in Australia. The Australian Government proposed to pass legislation on lines similar to those adopted in the United Kingdom. They would certainly be willing that their scientists should continue to co-operate in work carried out by the United Kingdom Government, as had been done during the war.

In reply to a question by Field-Marshal Smuts, Mr. MACKENZIE KING said that he could give no accurate estimate of the life of the uranium deposits in Canada, though he thought it possible they were more extensive than had been supposed. Under the contract with the United States Army, which would be completed next year, considerable supplies had been made available to the United States, although the bulk of their requirements had been obtained from the Belgian Congo.

FIELD-MARSHAL SMUTS said that the United States Government had full information about the uranium deposits in South Africa. Samples had been sent for analysis both to the United States and to the United Kingdom. The South African Government had assumed complete control over the production, processing and disposal of all such materials.

Mr. MACKENZIE KING said that the Canadian Government were fully satisfied with the co-operation which had been achieved with the United Kingdom Government. They felt, however, that the establishment of the plan at Chalk River as a joint enterprise was to be regarded as a war-time arrangement and they might wish in future to assume sole responsibility for its development for industrial purposes.

Turning to the subject of the international control of atomic energy, Mr. ATTLEE summarised the conclusions which had emerged from the previous discussion. The report published in America, known as the Lilienthal Report, had attracted considerable attention. At the same time doubts had been expressed both by British and American scientists about the feasibility of the proposal for the "denaturing" of active material. While, therefore, the report might prove useful as a starting point, its conclusions would require further examination.

Mr. MACKENZIE KING said that he had read the minutes of the previous discussion on this subject and fully agreed with what had been said about the difficulty of formulating a workable scheme of inspection and control. He agreed, however, that the Lilienthal Report might be found useful as a starting point for further discussion.

Cabinet Office, S.W. 1.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

C224153

The circulation of this paper has been strictly limited. It is issued for the personal use of Mr. Mackenzie King.

TOP SECRET. Copy No. 20

P.M.M. (46) 18th Meeting.

MEETING OF PRIME MINISTERS.

CONFIDENTIAL ANNEX: MINUTE 1.

(22nd May, 1946—3·45 p.m.)

Atomic Energy.

The Meeting had before them a note by the Secretaries (P.M.M. (46) 19).

MR. ATTLEE said that a preliminary discussion had taken place on this subject before Mr. Mackenzie King's arrival (P.M.M. (46) 11th Meeting, Minute 1), and that, as on that occasion, it might be convenient to consider the matter under the two heads of :

(i) Research and development work carried out on atomic energy in the Commonwealth.
(ii) The international control of atomic energy.

At the previous meeting Lord Portal had made a full statement on plans for research and development in the United Kingdom, some account of which had also been given in the paper circulated. It would be of interest to the meeting to hear from Mr. Mackenzie King of the progress made with the experimental work in Canada.

MR. WILMOT said that work was proceeding in the United Kingdom under three heads :

(*a*) The conversion of Harwell aerodrome to provide accommodation for the research establishment.
(*b*) The design and construction of a plant for the production of uranium metal.
(*c*) The selection of a suitable site for the large-scale graphite pile.

It would be most helpful to have the views of the Dominion Governments on the contribution which they might feel able to make to the project in the shape of raw materials and scientific man-power.

MR. MACKENZIE KING said that Canada would certainly be able to help by the provision of raw material and would gladly make whatever contribution they could through the seconding of scientists to work for a period in the United Kingdom.

Turning to developments in Canada, he said that the special laboratory of the National Research Council established at Montreal in 1942 continued to be the principal centre of research into atomic energy in Canada. This laboratory had been set up as a result of a proposal by the United Kingdom authorities that an important research project should be undertaken in Canada during the war as a joint enterprise. A pilot plant had also been erected at Chalk River, Ontario, to investigate the use of thorium as a starting point for the production of active material. This plant had been constructed under the direction of Professor J. D. Cockcroft who was to become the head of the atomic research establishment in the United Kingdom. Both United Kingdom and Canadian scientists had been closely associated in its design and very close liaison had been maintained throughout with the research authorities in the United States, who had helped

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C224159

particularly by the provision of materials. Information had been made freely available to scientific workers in the United States.

Dealing with raw materials, he said that the current output from the Eldorado Mines on Great Bear Lake in Canada was at present being delivered to the United States Army under a war-time contract, which required a certain tonnage to be delivered by 1947, after which it would terminate. Current production was less than 300 tons a year, and while this was a useful contribution toward the total requirements of the United States it was a comparatively modest percentage of the total demand of the United States and the United Kingdom. The Canadian Advisory Panel estimated that the Belgian Congo might produce between 3,300 and 4,000 tons of uranium oxide in 1946. This source might, however, be exhausted or depleted in the near future. It was understood that there were possibilities of developing important deposits in South Africa. If this was confirmed it might substantially change the supply position in favour of the United Kingdom. There were also reports of deposits of raw material in South Australia.

The Government of Canada under its war-time powers had taken over the entire plant of the Eldorado Mine and had also reserved to itself control of all uranium ore and similar minerals that might be discovered in Canada in the future. The Government also intended to introduce legislation very similar to that which had just been introduced in the United Kingdom.

DR. EVATT said that the Lilienthal Report made it clear that there were limitations to the extent to which the United States Government had shared with the United Kingdom and Canada the lead which they enjoyed in the development of atomic energy. If we were to continue to work closely with the United States, should there not be a greater measure of disclosure, particularly of technical know-how? He could confirm the statement that deposits of uranium had been discovered in South Australia, and there were also extensive deposits of thorium in Australia. The Australian Government proposed to pass legislation on lines similar to those adopted in the United Kingdom. They would certainly be willing that their scientists should continue to co-operate in work carried out by the United Kingdom Government, as had been done during the war.

In reply to a question by Field-Marshal Smuts, MR. MACKENZIE KING said that he could give no accurate estimate of the life of the uranium deposits in Canada, though he thought it possible they were more extensive than had been supposed. Under the contract with the United States Army, which would be completed next year, considerable supplies had been made available to the United States, although the bulk of their requirements had been obtained from the Belgian Congo.

FIELD-MARSHAL SMUTS said that the United States Government had full information about the uranium deposits in South Africa. Samples had been sent for analysis both to the United States and to the United Kingdom. The South African Government had assumed complete control over the production, processing and disposal of all such materials.

MR. MACKENZIE KING said that the Canadian Government were fully satisfied with the co-operation which had been achieved with the United Kingdom Government. They felt, however, that the establishment of the plan at Chalk River as a joint enterprise was to be regarded as a war-time arrangement and they might wish in future to assume sole responsibility for its development for industrial purposes.

Turning to the subject of the international control of atomic energy, MR. ATTLEE summarised the conclusions which had emerged from the previous discussion. The report published in America, known as the Lilienthal Report, had attracted considerable attention. At the same time doubts had been expressed both by British and American scientists about the feasibility of the proposal for the "denaturing" of active material. While, therefore, the report might prove useful as a starting point, its conclusions would require further examination.

MR. MACKENZIE KING said that he had read the minutes of the previous discussion on this subject and fully agreed with what had been said about the difficulty of formulating a workable scheme of inspection and control. He agreed, however, that the Lilienthal Report might be found useful as a starting point for further discussion.

Cabinet Office, S.W. 1.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C224160

SEATING ARRANGEMENTS FOR EIGHTEENTH MEETING

General Sir Hastings Ismay, Chief of Staff to the Minister of Defence	Admiral of the Fleet Viscount Cunningham of Hyndhope, Chief of Naval Staff	Marshal of the Royal Air Force Lord Tedder, Chief of the Air Staff

Mr. Arthur Henderson, Parliamentary Under-Secretary of State for India

Rt. Hon. John Wilmot, Minister of Supply

Rt. Hon. Hugh Dalton, Chancellor of the Exchequer

Rt. Hon. G.H. Hall, Secretary of State for the Colonies

Rt. Hon. E. Bevin, Secretary of State for Foreign Affairs

Prime Minister

Sir Norman Brook

Viscount Addison, Secretary of State for Dominion Affairs

Sir Eric Machtig, Permanent Under-Secretary of State for Dominion Affairs

Sir John Stephenson, Dominions Office

Lieut.-General F.E.W. Simpson, Vice-Chief of the Imperial General Staff

Mr. F. Shanahan, Secretary of Cabinet, New Zealand

Rt. Hon. W. Nash

Mr. N.A. Robertson, Under-Secretary for External Affairs, Canada

Rt. Hon. W.L. Mackenzie King

Rt. Hon. Vincent Massey, High Commissioner for Canada

Rt. Hon. H.V. Evatt

Rt. Hon. J.A. Beasley, High Commissioner for Australia

Field Marshal J.C. Smuts

Mr. G. Heaton Nicholls, High Commissioner for South Africa

Major-General Sir Leslie Hollis	Mr. C.G. Eastwood	Mr. D.D. Forsyth, Secretary for External Affairs, South Africa

Mr. F.E. Cumming-Bruce

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

C224161

The circulation of this paper has been strictly limited. It is issued for the personal use of Mr. Mackenzie King.

TOP SECRET. Copy No. 21

P.M.M. (46) 18th Meeting.

MEETING OF PRIME MINISTERS.

CONFIDENTIAL ANNEX: MINUTE 1.

(22nd May, 1946—3·45 p.m.)

Atomic Energy.

The Meeting had before them a note by the Secretaries (P.M.M. (46) 19).

MR. ATTLEE said that a preliminary discussion had taken place on this subject before Mr. Mackenzie King's arrival (P.M.M. (46) 11th Meeting, Minute 1), and that, as on that occasion, it might be convenient to consider the matter under the two heads of :

(i) Research and development work carried out on atomic energy in the Commonwealth.
(ii) The international control of atomic energy.

At the previous meeting Lord Portal had made a full statement on plans for research and development in the United Kingdom, some account of which had also been given in the paper circulated. It would be of interest to the meeting to hear from Mr. Mackenzie King of the progress made with the experimental work in Canada.

MR. WILMOT said that work was proceeding in the United Kingdom under three heads :

(*a*) The conversion of Harwell aerodrome to provide accommodation for the research establishment.
(*b*) The design and construction of a plant for the production of uranium metal.
(*c*) The selection of a suitable site for the large-scale graphite pile.

It would be most helpful to have the views of the Dominion Governments on the contribution which they might feel able to make to the project in the shape of raw materials and scientific man-power.

MR. MACKENZIE KING said that Canada would certainly be able to help by the provision of raw material and would gladly make whatever contribution they could through the seconding of scientists to work for a period in the United Kingdom.

Turning to developments in Canada, he said that the special laboratory of the National Research Council established at Montreal in 1942 continued to be the principal centre of research into atomic energy in Canada. This laboratory had been set up as a result of a proposal by the United Kingdom authorities that an important research project should be undertaken in Canada during the war as a joint enterprise. A pilot plant had also been erected at Chalk River, Ontario, to investigate the use of thorium as a starting point for the production of active material. This plant had been constructed under the direction of Professor J. D. Cockcroft who was to become the head of the atomic research establishment in the United Kingdom. Both United Kingdom and Canadian scientists had been closely associated in its design and very close liaison had been maintained throughout with the research authorities in the United States, who had helped

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C2241 03

particularly by the provision of materials. Information had been made freely available to scientific workers in the United States.

Dealing with raw materials, he said that the current output from the Eldorado Mines on Great Bear Lake in Canada was at present being delivered to the United States Army under a war-time contract, which required a certain tonnage to be delivered by 1947, after which it would terminate. Current production was less than 300 tons a year, and while this was a useful contribution toward the total requirements of the United States it was a comparatively modest percentage of the total demand of the United States and the United Kingdom. The Canadian Advisory Panel estimated that the Belgian Congo might produce between 3,300 and 4,000 tons of uranium oxide in 1946. This source might, however, be exhausted or depleted in the near future. It was understood that there were possibilities of developing important deposits in South Africa. If this was confirmed it might substantially change the supply position in favour of the United Kingdom. There were also reports of deposits of raw material in South Australia.

The Government of Canada under its war-time powers had taken over the entire plant of the Eldorado Mine and had also reserved to itself control of all uranium ore and similar minerals that might be discovered in Canada in the future. The Government also intended to introduce legislation very similar to that which had just been introduced in the United Kingdom.

DR. EVATT said that the Lilienthal Report made it clear that there were limitations to the extent to which the United States Government had shared with the United Kingdom and Canada the lead which they enjoyed in the development of atomic energy. If we were to continue to work closely with the United States, should there not be a greater measure of disclosure, particularly of technical know-how? He could confirm the statement that deposits of uranium had been discovered in South Australia, and there were also extensive deposits of thorium in Australia. The Australian Government proposed to pass legislation on lines similar to those adopted in the United Kingdom. They would certainly be willing that their scientists should continue to co-operate in work carried out by the United Kingdom Government, as had been done during the war.

In reply to a question by Field-Marshal Smuts, MR. MACKENZIE KING said that he could give no accurate estimate of the life of the uranium deposits in Canada, though he thought it possible they were more extensive than had been supposed. Under the contract with the United States Army, which would be completed next year, considerable supplies had been made available to the United States, although the bulk of their requirements had been obtained from the Belgian Congo.

FIELD-MARSHAL SMUTS said that the United States Government had full information about the uranium deposits in South Africa. Samples had been sent for analysis both to the United States and to the United Kingdom. The South African Government had assumed complete control over the production, processing and disposal of all such materials.

MR. MACKENZIE KING said that the Canadian Government were fully satisfied with the co-operation which had been achieved with the United Kingdom Government. They felt, however, that the establishment of the plan at Chalk River as a joint enterprise was to be regarded as a war-time arrangement and they might wish in future to assume sole responsibility for its development for industrial purposes.

Turning to the subject of the international control of atomic energy, MR. ATTLEE summarised the conclusions which had emerged from the previous discussion. The report published in America, known as the Lilienthal Report, had attracted considerable attention. At the same time doubts had been expressed both by British and American scientists about the feasibility of the proposal for the "denaturing" of active material. While, therefore, the report might prove useful as a starting point, its conclusions would require further examination.

MR. MACKENZIE KING said that he had read the minutes of the previous discussion on this subject and fully agreed with what had been said about the difficulty of formulating a workable scheme of inspection and control. He agreed, however, that the Lilienthal Report might be found useful as a starting point for further discussion.

Cabinet Office, S.W.1.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C223303

particularly by the provision of materials. Information had been made freely available to scientific workers in the United States.

Dealing with raw materials, he said that the current output from the Eldorado Mines on Great Bear Lake in Canada was at present being delivered to the United States Army under a war-time contract, which required a certain tonnage to be delivered by 1947, after which it would terminate. Current production was less than 300 tons a year, and while this was a useful contribution toward the total requirements of the United States it was a comparatively modest percentage of the total demand of the United States and the United Kingdom. The Canadian Advisory Panel estimated that the Belgian Congo might produce between 3,300 and 4,000 tons of uranium oxide in 1946. This source might, however, be exhausted or depleted in the near future. It was understood that there were possibilities of developing important deposits in South Africa. If this was confirmed it might substantially change the supply position in favour of the United Kingdom. There were also reports of deposits of raw material in South Australia.

The Government of Canada under its war-time powers had taken over the entire plant of the Eldorado Mine and had also reserved to itself control of all uranium ore and similar minerals that might be discovered in Canada in the future. The Government also intended to introduce legislation very similar to that which had just been introduced in the United Kingdom.

Dr. EVATT said that the Lilienthal Report made it clear that there were limitations to the extent to which the United States Government had shared with the United Kingdom and Canada the lead which they enjoyed in the development of atomic energy. If we were to continue to work closely with the United States, should there not be a greater measure of disclosure, particularly of technical know-how? He could confirm the statement that deposits of uranium had been discovered in South Australia, and there were also extensive deposits of thorium in Australia. The Australian Government proposed to pass legislation on lines similar to those adopted in the United Kingdom. They would certainly be willing that their scientists should continue to co-operate in work carried out by the United Kingdom Government, as had been done during the war.

In reply to a question by Field-Marshal Smuts, Mr. MACKENZIE KING said that he could give no accurate estimate of the life of the uranium deposits in Canada, though he thought it possible they were more extensive than had been supposed. Under the contract with the United States Army, which would be completed next year, considerable supplies had been made available to the United States, although the bulk of their requirements had been obtained from the Belgian Congo.

FIELD-MARSHAL SMUTS said that the United States Government had full information about the uranium deposits in South Africa. Samples had been sent for analysis both to the United States and to the United Kingdom. The South African Government had assumed complete control over the production, processing and disposal of all such materials.

Mr. MACKENZIE KING said that the Canadian Government were fully satisfied with the co-operation which had been achieved with the United Kingdom Government. They felt, however, that the establishment of the plan at Chalk River as a joint enterprise was to be regarded as a war-time arrangement and they might wish in future to assume sole responsibility for its development for industrial purposes.

Turning to the subject of the international control of atomic energy, Mr. ATTLEE summarised the conclusions which had emerged from the previous discussion. The report published in America, known as the Lilienthal Report, had attracted considerable attention. At the same time doubts had been expressed both by British and American scientists about the feasibility of the proposal for the " denaturing " of active material. While, therefore, the report might prove useful as a starting point, its conclusions would require further examination.

Mr. MACKENZIE KING said that he had read the minutes of the previous discussion on this subject and fully agreed with what had been said about the difficulty of formulating a workable scheme of inspection and control. He agreed, however, that the Lilienthal Report might be found useful as a starting point for further discussion.

Cabinet Office, S.W. 1.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

C224163

The circulation of this paper has been strictly limited. It is issued for the personal use of Mr. Mackenzie King.

TOP SECRET. **Copy No. 22**

P.M.M. (46) 18th Meeting.

MEETING OF PRIME MINISTERS.

CONFIDENTIAL ANNEX: MINUTE 1.

(22nd May, 1946—3·45 p.m.)

Atomic Energy.

The Meeting had before them a note by the Secretaries (P.M.M. (46) 19).

MR. ATTLEE said that a preliminary discussion had taken place on this subject before Mr. Mackenzie King's arrival (P.M.M. (46) 11th Meeting, Minute 1), and that, as on that occasion, it might be convenient to consider the matter under the two heads of :

(i) Research and development work carried out on atomic energy in the Commonwealth.
(ii) The international control of atomic energy.

At the previous meeting Lord Portal had made a full statement on plans for research and development in the United Kingdom, some account of which had also been given in the paper circulated. It would be of interest to the meeting to hear from Mr. Mackenzie King of the progress made with the experimental work in Canada.

MR. WILMOT said that work was proceeding in the United Kingdom under three heads :

(*a*) The conversion of Harwell aerodrome to provide accommodation for the research establishment.
(*b*) The design and construction of a plant for the production of uranium metal.
(*c*) The selection of a suitable site for the large-scale graphite pile.

It would be most helpful to have the views of the Dominion Governments on the contribution which they might feel able to make to the project in the shape of raw materials and scientific man-power.

MR. MACKENZIE KING said that Canada would certainly be able to help by the provision of raw material and would gladly make whatever contribution they could through the seconding of scientists to work for a period in the United Kingdom.

Turning to developments in Canada, he said that the special laboratory of the National Research Council established at Montreal in 1942 continued to be the principal centre of research into atomic energy in Canada. This laboratory had been set up as a result of a proposal by the United Kingdom authorities that an important research project should be undertaken in Canada during the war as a joint enterprise. A pilot plant had also been erected at Chalk River, Ontario, to investigate the use of thorium as a starting point for the production of active material. This plant had been constructed under the direction of Professor J. D. Cockcroft who was to become the head of the atomic research establishment in the United Kingdom. Both United Kingdom and Canadian scientists had been closely associated in its design and very close liaison had been maintained throughout with the research authorities in the United States, who had helped

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

particularly by the provision of materials. Information had been made freely available to scientific workers in the United States.

Dealing with raw materials, he said that the current output from the Eldorado Mines on Great Bear Lake in Canada was at present being delivered to the United States Army under a war-time contract, which required a certain tonnage to be delivered by 1947, after which it would terminate. Current production was less than 300 tons a year, and while this was a useful contribution toward the total requirements of the United States it was a comparatively modest percentage of the total demand of the United States and the United Kingdom. The Canadian Advisory Panel estimated that the Belgian Congo might produce between 3,300 and 4,000 tons of uranium oxide in 1946. This source might, however, be exhausted or depleted in the near future. It was understood that there were possibilities of developing important deposits in South Africa. If this was confirmed it might substantially change the supply position in favour of the United Kingdom. There were also reports of deposits of raw material in South Australia.

The Government of Canada under its war-time powers had taken over the entire plant of the Eldorado Mine and had also reserved to itself control of all uranium ore and similar minerals that might be discovered in Canada in the future. The Government also intended to introduce legislation very similar to that which had just been introduced in the United Kingdom.

Dr. EVATT said that the Lilienthal Report made it clear that there were limitations to the extent to which the United States Government had shared with the United Kingdom and Canada the lead which they enjoyed in the development of atomic energy. If we were to continue to work closely with the United States, should there not be a greater measure of disclosure, particularly of technical know-how? He could confirm the statement that deposits of uranium had been discovered in South Australia, and there were also extensive deposits of thorium in Australia. The Australian Government proposed to pass legislation on lines similar to those adopted in the United Kingdom. They would certainly be willing that their scientists should continue to co-operate in work carried out by the United Kingdom Government, as had been done during the war.

In reply to a question by Field-Marshal Smuts, Mr. MACKENZIE KING said that he could give no accurate estimate of the life of the uranium deposits in Canada, though he thought it possible they were more extensive than had been supposed. Under the contract with the United States Army, which would be completed next year, considerable supplies had been made available to the United States, although the bulk of their requirements had been obtained from the Belgian Congo.

FIELD-MARSHAL SMUTS said that the United States Government had full information about the uranium deposits in South Africa. Samples had been sent for analysis both to the United States and to the United Kingdom. The South African Government had assumed complete control over the production, processing and disposal of all such materials.

Mr. MACKENZIE KING said that the Canadian Government were fully satisfied with the co-operation which had been achieved with the United Kingdom Government. They felt, however, that the establishment of the plan at Chalk River as a joint enterprise was to be regarded as a war-time arrangement and they might wish in future to assume sole responsibility for its development for industrial purposes.

Turning to the subject of the international control of atomic energy, Mr. ATTLEE summarised the conclusions which had emerged from the previous discussion. The report published in America, known as the Lilienthal Report, had attracted considerable attention. At the same time doubts had been expressed both by British and American scientists about the feasibility of the proposal for the "denaturing" of active material. While, therefore, the report might prove useful as a starting point, its conclusions would require further examination.

Mr. MACKENZIE KING said that he had read the minutes of the previous discussion on this subject and fully agreed with what had been said about the difficulty of formulating a workable scheme of inspection and control. He agreed, however, that the Lilienthal Report might be found useful as a starting point for further discussion.

Cabinet Office, S.W.1.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

C224165

The circulation of this paper has been strictly limited. It is issued for the personal use of Mr Mackenzie King (Dup)

TOP SECRET. Copy No. 77

P.M.M. (46) 18th Meeting.

MEETING OF PRIME MINISTERS.

MINUTES of the Eighteenth Meeting held at No. 10 Downing Street, S.W. 1, on Wednesday, 22nd May, 1946, at 3·45 p.m.

Present:

The Right Hon. C. R. ATTLEE, M.P., Prime Minister of the United Kingdom (*in the Chair*).

United Kingdom.

The Right Hon. ERNEST BEVIN, M.P., Secretary of State for Foreign Affairs.
The Right Hon. HUGH DALTON, M.P., Chancellor of the Exchequer.
The Right Hon. VISCOUNT ADDISON, Secretary of State for Dominion Affairs.
The Right Hon. G. H. HALL, M.P., Secretary of State for the Colonies.
The Right Hon. JOHN WILMOT, M.P., Minister of Supply.
Mr. ARTHUR HENDERSON, K.C., M.P., Parliamentary Under-Secretary of State for India.
Admiral of the Fleet VISCOUNT CUNNINGHAM OF HYNDHOPE, First Sea Lord and Chief of Naval Staff.
Marshal of the Royal Air Force LORD TEDDER, Chief of the Air Staff.
Lieutenant-General F. E. W. SIMPSON, Vice-Chief of the Imperial General Staff.
General Sir HASTINGS ISMAY, Office of the Minister of Defence.
Sir ERIC MACHTIG, Permanent Under-Secretary of State for Dominion Affairs.
Mr. N. BUTLER, Foreign Office.
Mr. M. W. PERRIN, Ministry of Supply.
Mr. F. C. How, Ministry of Supply.

[31898—4]

Canada.

The Right Hon. W. L. MACKENZIE KING, Prime Minister of Canada.
Mr. N. A. ROBERTSON, Under-Secretary for External Affairs.
Dr. J. GIBSON, Prime Minister's Office.
Mr. J. W. HOLMES, Office of the High Commissioner for Canada.

Australia.

The Right Hon. H. V. EVATT, Minister of External Affairs.
The Right Hon. J. A. BEASLEY, High Commissioner for Australia.
Mr. J. D. L. HOOD, External Affairs Liaison Officer in London.
Dr. J. W. BURTON, Department of External Affairs.
Dr. G. H. BRIGGS, Council of Scientific and Industrial Research, Australia.

New Zealand.

The Right Hon. W. NASH, Deputy Prime Minister of New Zealand.
Mr. F. SHANAHAN, Secretary of Cabinet.
Mr. F. H. CORNER, Department of External Affairs.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C224166

South Africa.

Field-Marshal The Right Hon. J. C. Smuts, Prime Minister of South Africa.
Mr. G. Heaton Nicholls, High Commissioner for South Africa.
Mr. D. D. Forsyth, Secretary for External Affairs.
Mr. R. Jones, Office of the High Commissioner for South Africa.

Secretariat.

Sir Norman Brook.
Major-General Sir Leslie Hollis.
Sir John Stephenson.
Mr. C. G. Eastwood.
The Hon. F. E. Cumming-Bruce.
Mr. D. H. F. Rickett.
Wing-Commander W. F. Lamb.

Contents.

1. Atomic Energy.
2. United Kingdom Defence Obligations.

Atomic Energy.

1. The meeting discussed questions relating to the development and use of Atomic Energy. The discussion is recorded in a Confidential Annex.

United Kingdom Defence Obligations.

2. The meeting had before them a memorandum by Lord Addison (P.M.M. (46) 31) summarising the present military and financial commitments of the United Kingdom. The memorandum showed that, in order to carry out the military commitments essential to an effective foreign policy, the United Kingdom would need to maintain in 1947 forces varying between 1,194,000 in strength at the beginning of the year and 1,077,000 at the end. There would be no alternative to the maintenance of lengthy compulsory military service over the next five years. Total military expenditure in the current year was £1,200 million plus additional charges arising from the termination of the war of £576 million which would be largely non-recurrent. Of the figure of £1,200 million some £250 million would be incurred overseas. Particulars were also given of other inescapable overseas expenditure to a total of £195 million to indicate the strain imposed on the United Kingdom's balance of payments.

LORD ADDISON, in recalling the previous discussions on responsibilities for Commonwealth defence, said that United Kingdom Ministers desired to bring to the attention of the Dominions the heavy burden now being borne by the United Kingdom. This short factual statement had therefore been prepared to focus attention on the magnitude of her military and financial obligations.

Mr. BEVIN said that in the past the United Kingdom had, to a great degree, assumed the responsibility of the provision of forces to maintain the security of the Commonwealth, and for that matter of much of the rest of the world also. She had been able to bear the cost of this largely out of the income derived from foreign investments. To-day the position had changed. Her income from foreign investments had been very greatly reduced and, in order to earn foreign exchange to make good the loss of revenue from foreign investments, she must increase her exports of manufactured goods. This in its turn involved a most serious strain on her man-power, for it had been estimated that it would entail an increase of approximately 500,000 in the labour force required for the export industries. The supply of civilian goods to the home

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

market must also be severely curtailed for some years to come. There was also the problem of finding funds for the repayment of the American loan—if it was granted—over the next 50 years. Mr. Bevin thought that it would have a disastrous effect in the sphere of foreign affairs if the United Kingdom defaulted on her obligations under the loan.

In these difficult circumstances the question arose in the mind of United Kingdom Ministers whether some relief could not be obtained for part of her defence burden, in respect of both man-power and finance. He did not suggest that there should be contributions to a common pool, nor was he suggesting any modification of the present freedom of action of the different members of the Commonwealth. But there might perhaps be some redistribution of responsibilities so that each member assumed special obligations in respect of that part of the world in which it was chiefly interested. We could not afford to return to the position of 1939 when the United Kingdom had had forces of only 500,000 and there had been no really co-ordinated plan of action in a common war effort. Having regard to the very great difficulty of maintaining the British position in foreign affairs, it would be a great reassurance to him if he knew that each member of the Commonwealth had a certain force ready which at the direction of the responsible Government could in an emergency be speedily mobilised and concentrated to take the strain in a particular area.

Referring to the measures necessary to maintain the strength of the armed forces in the United Kingdom, Mr. Bevin pointed out that for the first time in her history she would have to resort to compulsory military service in peace-time. The adolescent life of the country would be gravely affected by this measure, at a time when it was the universal desire to improve the standard of life and of education.

The Dominions could assist the United Kingdom in meeting her heavy obligations by direct or indirect means, and an overall review of the Commonwealth defence obligations seemed desirable, so that the burden could be apportioned in an equitable manner.

DR. DALTON emphasised the magnitude of the financial commitments of the United Kingdom. Sterling balances to a very large total were held by many countries, both within the Empire and outside it. India's holdings accounted for approximately half the total; Egypt's holdings were also very large. As indicated in the memorandum military expenditure during the financial year 1946–47 would amount to £1,776 million, of which £1,200 million was recurrent. There were also other heavy commitments in overseas expenditure, such as the United Kingdom contribution to U.N.R.R.A., the expenditure in foreign exchange for Germany, expenditure in Greece and for Polish refugees, the relief and rehabilitation in Far Eastern colonies which had been overrun by the Japanese, and expenditure falling on the British Exchequer for peace-time developments in the Colonies.

MR. ATTLEE made four points. First he wished to take this opportunity of acknowledging the very generous financial assistance already provided by the Dominions and especially by Canada. Secondly, he pointed out that, with the development of the United Nations Organisation, the United Kingdom would be called upon to make a contribution to the military forces to be put at the disposal of that Organisation. This would place an added burden upon this country, which would have to be met. Thirdly, he emphasised the magnitude of the military tasks in Europe which were the responsibility of British forces; these would continue for some time. Lastly, the United Kingdom was faced with the provision of forces for the protection of world-wide lines of communication; while in the past the Royal Navy had been able to carry out this task, air and ground forces were now also necessary. With the development of weapons, the quality and number of men required had increased, involving a greater strain than ever before on our resources of both man-power and finance. The future, therefore, gave cause for grave concern.

MR. MACKENZIE KING said that he had read the memorandum with great attention. He would have liked to be able to make a positive contribution to the discussion but, as he had warned United Kingdom Ministers before he came, it would be quite impossible for him to discuss in any detail questions of defence or finance. His Ministers for Defence and Finance were not with him. He would be happy to make sure that the memorandum was made known to his colleagues and carefully studied by them. The matter was indeed one which

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C224168

required careful study and he was not in a position to make any commitment at the present time. There were many considerations to be taken into account. Canada's own obligations were already very much greater than they had been before the war and the United Kingdom was not alone in having liabilities for the objects specified in the paper. It had also to be remembered that any contribution made to the military forces at the disposal of the United Nations Organisation must affect the decision on the extent of the Canadian contribution in the field of specific Commonwealth obligation. He added that the United States had vast resources. Had not the time come to ask them to assume greater security responsibilities in Europe?

DR. EVATT said that he found the memorandum a most impressive document. The figures it contained were to him most significant and he could quite understand the great anxiety which Mr. Attlee and his colleagues had on account of them. As in the case of the United Kingdom and Canada, Australia's expenditure on defence was already greatly increased, but Mr. Chifley had indicated at their earlier discussions that, in future, Australia must accept a permanent obligation greater than any that she had had before the war. It was worth taking out an insurance in peace-time against finding ourselves in the future as embarrassed as we had been in 1939. It had been the general view at the previous discussion that the problem could not be solved by the old method of a direct contribution by Dominion Governments to the cost of the United Kingdom services. Such a contribution to the Royal Navy had been suggested before the war. But this would be out of harmony with the temper of opinion in the Dominions. It seemed to him that each Dominion should rather assume obligations to provide forces under its own control for the defence of its territory and region. This was, in effect, a pooling of reserves. That was, indeed, the way that matters were developing in the Pacific. He added that greater decentralisation of control necessitated improved methods of military liaison. That matter had been discussed at an earlier meeting and he regarded it as very important. It was virtually true to say that there had been no Commonwealth plan for defence in 1939. We had had to improvise and in the result very effective arrangements had been worked out. He thought it would be most unfortunate if the foundations of this organisation were not kept in being. For instance, the Air Training Scheme had been a very important factor leading to victory. He would like a framework to be retained, which could be quickly revived if need be.

Dr. Evatt thought it worth mentioning that it had seemed to him more difficult in this war than in the previous war for officers from Dominion forces to rise to the most senior commands in the Empire, as General Monash had done. This might be due only to a difference in personal qualifications but it might also indicate some deficiency in the machinery for co-ordination of effort.

He noticed in the United Kingdom memorandum a reference to the fulfilment of commitments in the Netherlands East Indies. He hoped that British soldiers would not be kept there to maintain the Dutch position against the Indonesians. Quite apart from considerations of finance, he thought that politically this would be most unfortunate.

Finally, Dr. Evatt said that he would show this impressive document to Mr. Chifley who would study it most sympathetically with the desire to help in every way possible. Whatever could be done to lighten the burden on the United Kingdom should be done.

MR. NASH said that on the figures given it looked as though members of the Commonwealth other than the United Kingdom should bear some part of the cost at present being borne by her. But there were other factors which must also be taken into account and, as others had said, the subject required study. Dominion Governments, too, had their overseas expenditure: for instance, on the army of occupation in Japan and on contributions to U.N.R.R.A.

He suggested that it would be very useful if figures could be got out to show what was the cost in money and man-power of the defence of the whole Commonwealth. On that basis it would be possible to consider how the cost should be divided. Even if each Dominion were made responsible for the defence of its own region—and New Zealand would be willing to take their share in the Pacific—this would still leave the United Kingdom responsible for the lines of communication.

Mr. Nash feared that New Zealand's contribution could not in any event be large, compared to the very large figures of the United Kingdom. Her own expenditure for defence purposes had been in the neighbourhood of £1,000,000 before the war. It was this year of the order of £30,000,000.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C224169

FIELD-MARSHAL SMUTS said that he found the memorandum a very alarming document. At the end of the last war there was much talk of disarmament. We no longer thought disarmament possible, but it was melancholy to think that the responsibilities set out in this paper were the fruits of victory—and only the first fruits; what the future held in store no one could tell.

The members of the British Commonwealth had undertaken undefined obligations to the United Nations Organisation, but they had at least as great an obligation to the British group of nations as they had to the United Nations. If they were prepared to support the former, how much more should they be prepared to support their own group? Everything depended on maintaining strong and intact the influence of this group. In this dangerous world it was one of the great buttresses of world order. If it went, what would remain?

Field-Marshal Smuts said that he could not see what decisions could be taken at the moment in the light of this memorandum. They must take home the facts given in it and study them. Those facts would be a great shock to the people of the Dominions if they became known and would, he feared, lead to a greater sense of frustration than already existed. One thing, however, appeared to him quite clear—that the burden on one member of the group was well nigh intolerable. It was unfair to look to the British Isles, after the sacrifices made during the war, to continue to pay for the peace at the rate now indicated. The Dominions had been very proud of the record of the United Kingdom as well as of their own war efforts, but they had not perhaps thought of the burdens she bore. These matters had not been brought out, but they must now be considered very carefully.

Field-Marshal Smuts said that there were many difficulties with which Dominion statesmen had to reckon. For instance, any help given could not be in the form of "tribute." The United Kingdom would not expect that. There was in the Dominions a strong sense of nationalism. But there was also a strong national self-respect; they would realise a duty to carry part of this burden.

Field-Marshal Smuts said that the objective of every member of the Commonwealth must be the support of our group of nations as a great Power. The United Kingdom alone was no longer a great Power; it could not be so in the nature of things. Its power was now spread over the whole group and we must all adjust our view-points to this new situation. But it would require a great deal of education before people throughout the Empire would realise this fundamental change in the balance of power. Certainly the public in the Dominions, and he thought also the public in the United Kingdom, were not educated on these matters.

MR. MACKENZIE KING hoped that it would not be misunderstood if he took a somewhat reserved attitude on a paper of this importance. The question whether it would not be best to have a Commonwealth defence policy with allocation of specific liabilities was a recurrent one. Suggestions on this subject had been made as early as the Imperial Conference of 1923 and again in 1926. There had been strong Dominion opposition to the proposals, for while there were military and financial advantages in such a system, there were also political considerations which no Dominion Minister could afford to overlook. The best plan in the world was of no value if the people would not accept it.

Mr. Mackenzie King said that, in his view, the surest way to win the support of the Dominions was to trust them to accept the obligations which they believed to be natural and right. The experience of the war had proved the wisdom of this course. If there had been a highly centralised policy there might have been a very different response from the Dominions. But if ever liberty was at stake, they could be trusted to respond wholeheartedly to the call.

Mr. Mackenzie King believed in the closest co-ordination and closest understanding which could be achieved, but he was not in favour of reversing the tendencies of the last 20 years.

DR. EVATT felt that none of the views expressed had been in any way inconsistent with the principles stated by Mr. Mackenzie King. He did not disagree with anything that the Prime Minister of Canada had said. There was, he thought, general agreement that there could not be a rigid plan, based on centralised methods.

DR. DALTON said that he much appreciated the response of Dominion representatives to the statement of the United Kingdom Government's obligations. He shared the view of Field-Marshal Smuts that, when the public knew the facts of the heavy burden that remained as an aftermath of the war on the Commonwealth as a whole, they would be shocked by them. It would, he said, be

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

of great assistance if figures comparable to those of the paper under discussion could be made available in respect of each Dominion. Not only would these be of great interest for comparisons within the Commonwealth, but they would also give the outside world an adequate picture of the position.

MR. ATTLEE agreed that this would be very useful.

FIELD-MARSHAL SMUTS also agreed that such figures would be useful. He was not for a tighter organisation but he had a profound belief in the importance of educating public opinion, and he could vouch from his own reaction to the United Kingdom figures now circulated that the facts were little known.

LORD ADDISON said that there was unanimous support among British Commonwealth Governments for the political principles enunciated by Mr. Mackenzie King. These were of the first importance. There was much slipshod thought on the subject of Commonwealth relations and it was not generally realised that the Commonwealth was an association of independent States living and working according to common ideals. As Field-Marshal Smuts said, it was important that public opinion should be educated on these matters.

Cabinet Office, S.W. 1,
22*nd May*, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

of great assistance if figures comparable to those of the paper under discussion could be made available in respect of each Dominion. Not only would these be of great interest for comparisons within the Commonwealth, but they would also give the outside world an adequate picture of the position.

MR. ATTLEE agreed that this would be very useful.

FIELD-MARSHAL SMUTS also agreed that such figures would be useful. He was not for a tighter organisation but he had a profound belief in the importance of educating public opinion, and he could vouch from his own reaction to the United Kingdom figures now circulated that the facts were little known.

LORD ADDISON said that there was unanimous support among British Commonwealth Governments for the political principles enunciated by Mr. Mackenzie King. These were of the first importance. There was much slipshod thought on the subject of Commonwealth relations and it was not generally realised that the Commonwealth was an association of independent States living and working according to common ideals. As Field-Marshal Smuts said, it was important that public opinion should be educated on these matters.

Cabinet Office, S.W. 1,
22*nd May*, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

The circulation of this paper has been strictly limited.
It is issued for the personal use of Mr Mackenzie King

Copy No. 58

TOP SECRET

C224171

P.M.M. (46) 17th Meeting

MEETING OF PRIME MINISTERS

MINUTES of the Seventeenth Meeting held at No. 10 Downing Street, S.W.1, on WEDNESDAY, 22ND MAY, 1946, at 11.0 a.m.

P R E S E N T:

The Rt. Hon. C.R. Attlee, M.P.,
Prime Minister of the United Kingdom
(In the Chair)

United Kingdom

The Rt. Hon. Lord Jowitt,
Lord Chancellor

The Rt. Hon. J. Chuter Ede, M.P.,
Secretary of State for the Home Department

The Rt. Hon. Viscount Addison,
Secretary of State for Dominion Affairs

The Rt. Hon. G.H. Hall, M.P.,
Secretary of State for the Colonies

The Rt. Hon. P.J. Noel-Baker, M.P.,
Minister of State

Mr. Arthur Henderson, K.C.,
M.P., Parliamentary Under-Secretary of State for India

Sir Eric Machtig,
Permanent Under-Secretary of State for Dominion Affairs

Sir Alexander Maxwell,
Permanent Under-Secretary of State for the Home Department

Sir Oscar Dowson,
Legal Adviser,
Home Office

Canada

The Rt. Hon. W.L. Mackenzie King,
Prime Minister of Canada

Mr. N.A. Robertson,
Under-Secretary for External Affairs

Mr. R.G. Robertson,
Prime Minister's Office

Mr. J.W. Holmes,
Office of the High Commissioner for Canada

Australia

The Rt. Hon. H.V. Evatt,
Minister of External Affairs

The Rt. Hon. J.A. Beasley,
High Commissioner for Australia

Mr. J.D.L. Hood,
External Affairs Liaison Officer in London

Dr. J.W. Burton,
Department of External Affairs

New Zealand

The Rt. Hon. W. Nash,
Deputy Prime Minister of New Zealand

Mr. F. Shanahan,
Secretary of Cabinet.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C224172

South Africa

Field Marshal The Rt. Hon. J.C. Smuts,
Prime Minister of South Africa

Mr. G. Heaton Nicholls,
High Commissioner for South Africa

Mr. D.D. Forsyth,
Secretary for External Affairs

Dr. L.H. Wessels,
Department of External Affairs

Mr. R. Jones,
Office of the High Commissioner
for South Africa

Mr. D.B. Sole,
Office of the High Commissioner
for South Africa

SECRETARIAT

Sir Norman Brook
Sir John Stephenson
Mr. C.G. Eastwood
The Hon. F.E. Cumming-Bruce

CONTENTS

Item	Subject	Page No.
1.	NATIONALITY OF MARRIED WOMEN.	1
2.	SOUTH WEST AFRICA.	3
3.	FUTURE BUSINESS AND FINAL COMMUNIQUE.	6.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

NATIONALITY OF MARRIED WOMEN

1. The meeting had before them memoranda by the South African Delegation (P.M.M.(46) 28) and by United Kingdom Ministers (P.M.M.(46) 30) on the nationality of married women.

FIELD-MARSHAL SMUTS said that forceful representations had been made to the Union Government to the effect that the nationality of a wife should not be affected without her consent either by the mere fact of marriage or by any change in her husband's nationality. The Union Government were disposed to agree that a British woman should retain her British nationality on marriage to an alien unless she explicitly declared her desire to acquire her husband's nationality; and that, similarly, a British woman should be allowed to retain her British nationality if her husband, having been a British subject at the time of the marriage, subsequently became an alien. The Union Government had, however, wished to ascertain the views of other members of the British Commonwealth on this question. In the memorandum by the United Kingdom Ministers (P.M.M.(46) 30) it had been pointed out that provision had already been made in the laws of the United Kingdom and of the Dominions other than South Africa to give effect to the principle that the naturalisation of the husband during marriage shall not involve a change in the nationality of the wife except with her consent. The nationality laws of these parts of the British Commonwealth also enabled a British woman, on marriage with an alien, to retain her British nationality in all cases where she did not acquire her husband's nationality under the law of his country. British nationality law would, however, be profoundly affected by a new Nationality Bill now under consideration by the Canadian Parliament; and the United Kingdom Government had already suggested to all Dominion Governments that a conference of experts should be held to consider what changes should be made in the nationality laws of the other self-governing parts of the Commonwealth, or what other action should be taken, to preserve the common status of British subjects, in the light of the new approach to the question of British nationality which was made in this Canadian Bill. The United Kingdom Ministers had therefore suggested that this conference of experts should now be invited to study, not only the issues raised by the Canadian Bill, but also the detailed questions which would arise if the principle of equality of the sexes were generally accepted by all countries of the Commonwealth as the basis of their law relating to the nationality of married women.

Field Marshal Smuts said he recognised that this was a technical subject which called for detailed study by experts; and he supported the suggestion that it should be remitted for detailed investigation by the conference of experts on nationality law which had been proposed by the United Kingdom Government.

MR. MACKENZIE KING said that the Canadian Government agreed that such a conference should be held and would be glad to nominate legal experts to take part in it. He also agreed that the questions which Field-Marshal Smuts had raised about the nationality of married women should be included among the subjects to be discussed at the conference. While he agreed with the substance of what was said about the new Canadian Bill in paragraph 10 of the memorandum by United Kingdom Ministers (P.M.M.(46) 30) he asked that if reference were made to this in any public statement it should take the following form:-

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

"In view of the fact that the Canadian Bill introduces certain new principles in nationality legislation, the United Kingdom Government has suggested the desirability of holding a meeting of legal experts to examine the possible modifications in the general status of British subjects that would result from it and which may make desirable corresponding changes in the legislation of the other countries of the Commonwealth."

LORD ADDISON said that he readily accepted the amended version of this statement proposed by Mr. Mackenzie King.

DR. EVATT said that, as stated in paragraph 4 of P.M.M.(46) 30, the Australian law already provided that a British woman marrying an alien should retain the rights and obligations of a British subject in Australia, even though she acquired by her marriage the nationality of her husband. The Australian Government desired, however, that such rights conceded by the laws of one part of the British Commonwealth should be recognised in other parts of the Commonwealth; and they therefore favoured discussion of this problem on a Commonwealth basis. They also desired similar discussion of the new situation created by the Canadian Bill - though they were themselves disposed in principle to favour the changes proposed by that Bill. All these matters raised, however, a number of complex legal issues, which required detailed examination by experts; and it would be inexpedient for Governments to express their final views until a conference of experts had been held and its report had been considered.

NR. NASH said that his Government favoured the view that the law relating to the nationality of married women should be based on the principle of equality of the sexes. At the same time they recognised that difficult legal issues were involved and he supported the proposal for the holding of a conference of experts to consider these problems relating to the nationality of married women and also the wider issues raised by the Canadian Nationality Bill.

MR. MACKENZIE KING said that the Canadian Government were anxious to bring their new Nationality Bill into operation on 1st January, 1947, and on this account they would be glad if the proposed conference of experts could be held at an early date.

Further discussion showed that there was general agreement that the conference of experts should be held in London during the course of the next few weeks.

It was agreed that Lord Addison should discuss with the Lord Chancellor the detailed terms of reference for the proposed conference of experts on British nationality law and should thereafter take steps to convene the conference in London at the earliest date convenient to the representatives of the various Dominions.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

SOUTH WEST AFRICA

2. FIELD MARSHAL SMUTS said that he wished to take this opportunity of discussing with representatives of other parts of the Commonwealth the proposals of the South African Government for the future of South West Africa.

South West Africa was now held by the Union of South Africa under a 'C' class Mandate. It was, however, different from other territories in that class in that geographically it was part and parcel of South Africa. Indeed, it was only by historical accident that it did not form part of the Union. In the scramble for Africa, Germany had acquired this barren country in 1886 and built up a colony there with immigrants from Germany. These German settlers caused the South African Government considerable trouble during the 1914-18 war.

At the Peace Conference after the last war President Wilson had been sympathetic to the idea that the territory should be annexed by South Africa. A statement had, however, been included in the Fourteen Points which precluded annexations of territory. A way out of this difficulty was found by the creation of the special 'C' class Mandates, which could be administered by the Mandatory Power as integral parts of its territory. South West Africa had been administered accordingly ever since but there was a strong feeling in South Africa that it should now be incorporated in the Union. South Africa had been troubled again before this war by a Nazi movement among the settlers in South West Africa and it had been necessary to send from the Union a strong police force to keep the peace in the territory.

The white population in South Africa, numbering some 31,000, had a local Parliament of their own. It had, however, no jurisdiction over the native population, as the Union had responsibility under the Mandate for native policy. The local Parliament had passed unanimously more than one resolution that the territory should be incorporated in the Union. The Union Government had consulted the native population; this numbered some 350,000, consisting in part of scattered and disintegrated tribes with very little tribal organisation but for the most part of more highly organised and virile Bantu tribes. These were governed practically on the principles of indirect rule with their own chiefs and councils. While it had been rather difficult to consult the scattered tribes, consultation with those who had their own councils had been easier and it was possible to say that some 80 per cent of the native population had agreed that the territory should be incorporated in the Union.

Field Marshal Smuts said that in San Francisco he had given notice that he would apply to the United Nations Organisation for their approval of incorporation. He recalled that the objective of the trusteeship system was the development of self-government. It seemed to him that this objective could be reached equally well by making a mandated territory independent and by making it, at its own request, part of a neighbouring independent territory. He proposed to raise the matter, therefore, at the Assembly in September next. He quite appreciated that there might be criticisms of the proposals in the Assembly, because other Powers holding Mandates were accepting trusteeship arrangements. There would be opposition from those who for one reason or another were not in sympathy with the policy of the Union Government and from those who objected in principle to the colonial system or imperialism. In these circumstances, the South African Government were anxious for such assurances of support as they could obtain and naturally they turned first to their friends

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

in the Commonwealth. The argument was often put forward in South Africa that she derived status and strength from membership of the immensely powerful association of the Commonwealth. If now she received support from the other members of the Commonwealth, that would be striking evidence of the truth of the argument and would be of very great assistance in promoting the causes they all had at heart.

LORD ADDISON said that the United Kingdom Government had given much thought to this matter. They recognised the great force of the considerations to which Field Marshal Smuts had referred and they were clear that geographically South West Africa would naturally be associated with the Union. Indeed Walvis Bay, its port, was already part of the Union. On the other hand, they were alive to the difficulties which were likely to arise in discussion of this matter at the United Nations Assembly. The chief concern of the United Kingdom Government had been whether incorporation would be supported by the inhabitants of the territory. They had concluded that, on the understanding that it was so supported, they would themselves give the South African Government their support. It seemed clear that the white population was heartily in support of incorporation. As to the natives, they understand that a section of the Herreros did not favour it but that a very large majority of the remainder were in favour.

Lord Addison said that the view of the United Kingdom Government had been reached after full consideration and detailed discussion as to the facts of the situation.

MR. MACKENZIE KING said that, if he had been in Field Marshal Smuts' place, he did not doubt that he would have taken the same view of the matter. He had not had an opportunity of discussing it with his colleagues but he thought that they would share his opinion. He assumed that it would not be advisable to make any declaration of the attitude of the other members of the Commonwealth before the matter was brought before the United Nations Assembly.

FIELD MARSHAL SMUTS agreed with this. He thought that any prior expression of solidarity by countries of the Commonwealth would be very undesirable.

DR. EVATT said that his advice would be that Field Marshal Smuts should tread very warily in this matter. He felt certain that his proposal would meet with objection at the United Nations Assembly. At San Francisco there had been very strong feeling against the annexation of Mandated Territories. He thought that that feeling would be found also in the Assembly.

Speaking personally, he had every sympathy with Field Marshal Smuts' views and so far as he could he would do nothing to embarrass him. But the Australian Government had had no opportunity of considering the matter. They would have to take into account that, if South Africa incorporated South West Africa, it would provide an argument to their own expansionists for the incorporation of New Guinea into Australia. Although geographically New Guinea was separate from Australia, it was part and parcel of their defence system. The Australian Government had always resisted such suggestions in the past on the ground that the obligations of the Mandate must continue and that the new trusteeship system, which would replace the Mandate, would give to the trustee much greater powers in regard to defence matters than they had had under the Mandate system. They had been asked by the United Kingdom Government whether they

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

would take the lead in announcing that they were ready to place their mandated territories under trusteeship and they had in fact made a public statement that they would so so. The Australian Government would certainly consider Field Marshal Smuts' proposals in regard to South West Africa and he could assure him of his desire so to carry out the Australian proposals in regard to New Guinea as not to embarrass South Africa. He suggested that in bringing the matter before the United Nations Assembly Field Marshal Smuts should present to the Assembly full factual information regarding the territory.

MR. NASH said that from a personal point of view he too would like to support Field Marshal Smuts. But he foresaw much argument in the Assembly on the proposition. He referred to the fact that the objective of the trusteeship system was that the territories under trusteeship should be led towards independence. If the overwhelming majority of the population wished that independence to take the form of association with South Africa, would that not be possible within the trusteeship system? In that event he thought that it might be possible for the New Zealand Government to support the proposition.

MR. ATTLEE suggested that an analogy for what Mr. Nash was proposing could be found in the case of Transjordan. Transjordan had now been given her independence and it was open to her, if she so desired, to associate herself with any other Arab state.

MR. NASH agreed that this would be an analogy.

DR. EVATT suggested, however, that the circumstances might be somewhat different, since it was not suggested that the population of South West Africa were ready for full self-government now or would be within any foreseeable time. He suggested that it might be possible to include in the trusteeship agreement a clause to the effect that if the people of the territory made it clear by a vote or plebiscite that they desired incorporation in the Union, then the trusteeship agreement should cease and incorporation should take place. He suggested that Field Marshal Smuts might consider this suggestion.

MR. ATTLEE suggested that it might be useful if the initiative for incorporation could be shown to come from the people of South West Africa rather than from the Union.

MR. HALL recalled that it was possible to specify in a trusteeship agreement a period of transition. Might not Field Marshal Smuts' best course be to seek to place South West Africa under trusteeship, obtaining in the trusteeship agreement a provision that after a period of, say, five years, the territory should be incorporated in the Union? He was bound to confess that if a straight application for immediate incorporation were made, he foresaw that there would be many difficulties at the Assembly. He reminded Field Marshal Smuts that it would be necessary for him to secure a two-thirds majority for his proposal at the Assembly. If by any chance the proposal was not accepted, this would place not only South Africa but also some of the nations who supported her in a position of some difficulty. Nevertheless what Lord Addison had said represented, of course, the considered view of the United Kingdom Government.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

FIELD MARSHAL SMUTS said that he was most anxious not to by-pass the United Nations Organisation because he had always been a strong supporter of the system. The position under the United Nations Charter was that if no agreement was reached for the placing of South West Africa under trusteeship, it would remain with the Union. It could only come within the United Nations Organisation by an agreement to which the Union was a party. If there were no such agreement, then it remained outside the Organisation. The obligations of the Mandate would theoretically remain, but owing to the winding up of the League of Nations and the Permanent Mandates Commission there would be no authority to enforce their observance.

MR. MACKENZIE KING asked Field Marshal Smuts what his answer would be if the United Nations Assembly were to request that a commission of enquiry might be sent to South West Africa to confirm that the views of the inhabitants were in favour of incorporation.

FIELD MARSHAL SMUTS said that that was a matter which could then be considered. The Union Government had already obtained the consent of both white and native inhabitants.

MR. NOEL-BAKER said he understood that Field Marshal Smuts had in the Union Parliament expressed his willingness to continue to make reports to the Trusteeship Council on affairs in South West Africa. He suggested that it would be very helpful if he could make this point in laying the matter before the United Nations Organisation. He thought that if in addition Field Marshal Smuts also offered a commission of enquiry, it might turn the scale in favour of South Africa's proposals. He thought that the United States delegation would be very anxious that nothing should be done which would discourage the French, the Belgians, or indeed the United States themselves from placing other territories under trusteeship. He suggested that it might be worth while for the South African Government before raising the matter in the Assembly to establish contact with the United States delegation, and particularly with Mr. John Foster Dulles, who had taken a particular interest in the subject.

FIELD MARSHAL SMUTS said he was most grateful for the views expressed at the meeting. He proposed to consider further in the light of these the procedure which the Union Government should follow in the matter.

It was agreed that no public reference should be made to the fact that the subject had been discussed.

FUTURE BUSINESS AND FINAL COMMUNIQUE

3. It was agreed that a draft of a communique to be issued after the final session on the following day should be circulated to Dominion Ministers as soon as possible. Various suggestions were made as to matters to be included in the communique.

LORD ADDISON said that before the meetings closed he would like to discover from Dominion Ministers whether they could suggest any improvements in the existing machinery for consultation between Commonwealth Governments. It was agreed that this might be discussed on the following afternoon.

Cabinet Office, S.W.1.

22ND MAY, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

The circulation of this paper has been strictly limited.
It is issued for the personal use of Mr Mackenzie King

C224179

TOP SECRET Copy No. 58

P.M.M.(46) 18th Meeting

MEETING OF PRIME MINISTERS

MINUTES of the Eighteenth Meeting held at No. 10 Downing Street, S.W.1, on WEDNESDAY, 22ND MAY, 1946 at 3.45 p.m.

P R E S E N T:

The Rt. Hon. C.R. Attlee, M.P.,
Prime Minister of the United Kingdom
(In the Chair).

United Kingdom

The Rt. Hon. Ernest Bevin, M.P.,
Secretary of State for
Foreign Affairs.

The Rt. Hon. Hugh Dalton, M.P.,
Chancellor of the Exchequer.

The Rt. Hon. Viscount Addison,
Secretary of State for
Dominion Affairs.

The Rt. Hon. G.H. Hall, M.P.,
Secretary of State for the
Colonies.

The Rt. Hon. John Wilmot, M.P.,
Minister of Supply.

Mr. Arthur Henderson, K.C., M.P.,
Parliamentary Under-Secretary
of State for India.

Admiral of the Fleet Viscount
Cunningham of Hyndhope,
First Sea Lord and Chief of
Naval Staff.

Marshal of the Royal Air Force
Lord Tedder, Chief of the
Air Staff.

Lieutenant-General F.E.W.
Simpson, Vice-Chief of the
Imperial General Staff.

General Sir Hastings L. Ismay,
Office of the Minister of
Defence.

Sir Eric Machtig,
Permanent Under-Secretary
of State for Dominion
Affairs.

Mr. N. Butler,
Foreign Office.

Mr. M.W. Perrin,
Ministry of Supply.

Mr. F.C. How,
Ministry of Supply.

Canada

The Rt. Hon. W.L. Mackenzie King,
Prime Minister of Canada.

Mr. N.A. Robertson,
Under-Secretary for External
Affairs.

Dr. J. Gibson,
Prime Minister's Office.

Mr. J.W. Holmes,
Office of the High Commissioner
for Canada.

Australia

The Rt. Hon. H.V. Evatt,
Minister of External Affairs.

The Rt. Hon. J.A. Beasley,
High Commissioner for Australia.

Dr. J.W. Burton,
Department of External Affairs.

Mr. J.D.L. Hood,
External Affairs Liaison
Officer in London.

Dr. G.H. Briggs,
Council of Scientific and
Industrial Research, Australia.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C224180

New Zealand

The Rt. Hon. W. Nash,
Deputy Prime Minister of
New Zealand.

Mr. F. Shanahan,
Secretary of Cabinet.

Mr. F.H. Corner,
Department of External Affairs.

South Africa

Field Marshal The Rt. Hon. J.C.
Smuts, Prime Minister of South
Africa.

Mr. G. Heaton Nicholls,
High Commissioner for South
Africa.

Mr. D.D. Forsyth,
Secretary for External Affairs.

Mr. R. Jones,
Office of the High Commissioner
for South Africa.

SECRETARIAT:

Sir Norman Brook
Major-General Sir Leslie Hollis
Sir John Stephenson
Mr. C.G. Eastwood
The Hon. F.E. Cumming-Bruce
Mr. D.H.F. Rickett
Wing Commander W.F. Lamb

CONTENTS

Item No.	Subject	Page No.
1	ATOMIC ENERGY	1
2	UNITED KINGDOM DEFENCE OBLIGATIONS	1

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

ATOMIC ENERGY

1. The meeting discussed questions relating to the development and use of Atomic Energy. The discussion is recorded in a Confidential Annex.

UNITED KINGDOM DEFENCE OBLIGATIONS

2. The meeting had before them a memorandum by Lord Addison (P.M.M.(46) 41) summarising the present military and financial commitments of the United Kingdom. The memorandum showed that in order to carry out the military commitments essential to an effective foreign policy, the United Kingdom would need to maintain in 1947 forces varying between 1,194,000 in strength at the beginning of the year and 1,077,000 at the end. There would be no alternative to the maintenance of lengthy compulsory military service over the next five years. Total military expenditure in the current year was £1,200,000,000 plus additional charges arising from the termination of the war of £576,000,000 which would be largely non-recurrent. Of the figure of £1,200,000,000 some £250,000,000 would be incurred overseas. Particulars were also given of other inescapable overseas expenditure to a total of £195,000,000 to indicate the strain imposed on the United Kingdom's balance of payments.

LORD ADDISON, in recalling the previous discussions on responsibilities for Commonwealth defence, said that United Kingdom Ministers desired to bring to the attention of the Dominions the heavy burden now being borne by the United Kingdom; this short factual statement had therefore been prepared to focus attention on the magnitude of her military and financial obligations.

MR. BEVIN said that in the past the United Kingdom had, to a great degree, assumed the responsibility for the provision of forces to maintain the security of the Commonwealth, and for that matter of much of the rest of the world also. She had been able to bear the cost of this largely out of the income derived from foreign investments. To-day the position had changed. Her income from foreign investments had been very greatly reduced, and, in order to earn foreign exchange to make good the loss of revenue from foreign investments, she must increase her exports of manufactured goods. This in its turn involved a most serious strain on her man-power for it had been estimated that it would entail an increase of approximately 500,000 in the labour force required for the export industries. The supply of civilian goods to the home market must also be severely curtailed for some years to come. There was also the problem of finding funds for the repayment of the American loan - if it was granted - over the next 50 years. Mr. Bevin thought that it would have a disastrous effect in the sphere of foreign affairs if the United Kingdom defaulted on her obligations under the loan.

In these difficult circumstances the question arose in the mind of United Kingdom Ministers whether some relief could not be obtained for part of her defence burden, in respect of both man-power and financ . He did not suggest that there should be contributions to a common pool, nor was he suggesting any modification of the present freedom of action of the different members of the Commonwealth. But there might perhaps be some re-distribution of responsibilities so that each member assumed special obligations in respect of that part of the world in which it was chiefly interested. We could not afford to return to the position of 1939 when the United Kingdom had had forces of 500,000 and there had been no really co-ordinated plan of action in a common war effort. Having regard to the very great difficulty of

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

maintaining the British position in foreign affairs it would be a great reassurance to him if he knew that each member of the Commonwealth had a certain force ready which at the direction of the responsible Government could in an emergency be speedily mobilized and concentrated to take the strain in a particular area.

Referring to the measures necessary to maintain the strength of the armed forces in the United Kingdom, Mr. Bevin pointed out that for the first time in her history she would have to resort to compulsory military service in peace-time. The adolescent life of the country would be gravely affected by this measure, at a time when it was the universal desire to improve the standard of life and of education.

The Dominions could assist the United Kingdom in meeting her heavy obligations by direct or indirect means, and an overall review of the Commonwealth defence obligations seemed desirable, so that the burden could be apportioned in an equitable manner.

DR. DALTON emphasised the magnitude of the financial commitments of the United Kingdom. Sterling balances to a very large total were held by many countries, both within the Empire and outside it. India's holdings accounted for approximately half the total; Egypt's holdings were also very large. As indicated in the memorandum military expenditure during the financial year 1946/47 would amount to £1,770,000,000, of which £1,200,000,000 was recurrent. There were also other heavy commitments in overseas expenditure, such as the United Kingdom contribution to U.N.R.R.A., the expenditure in foreign exchange for Germany, expenditure in Greece and for Polish refugees, the relief and rehabilitation in Far Eastern colonies which had been overrun by the Japanese, and expenditure falling on the British Exchequer for peace-time developments in the Colonies.

MR. ATTLEE made four points. First he wished to take this opportunity of acknowledging the very generous financial assistance already provided by the Dominions and especially by Canada. Secondly, he pointed out that, with the development of the United Nations Organisation, the United Kingdom would be called upon to make a contribution to the military forces to be put at the disposal of that Organisation. This would place an added burden upon this country, which would have to be met. Thirdly he emphasised the magnitude of the military tasks in Europe which were the responsibility of British forces; these would continue for some time. Lastly the United Kingdom was faced with the provision of forces for the protection of world-wide lines of communication; while in the past the Royal Navy had been able to carry out this task, air and ground forces were now also necessary. With the development of weapons, the quality of the men and the numbers required had increased, involving a greater strain than ever before on our resources of both man-power and finance. The future, therefore, gave cause for grave concern.

MR. MACKENZIE KING said that he had read the memorandum with great attention. He would have liked to be able to make a positive contribution to the discussion but, as he had warned United Kingdom Ministers before he came, it would be quite impossible for him to discuss in any detail questions of defence or finance. His Ministers for Defence and Finance were not with him. He would be happy to make sure that the memorandum was made known to his colleagues and carefully studied by them. The matter was indeed one which required careful study and he was not in a position to make any commitment at the present

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

time. There were many considerations to be taken into account. Canada's own obligations were already very much greater than they had been before the war and the United Kingdom was not alone in having liabilities for the objects specified in the paper. It had also to be remembered that any contribution made to the military forces at the disposal of the United Nations Organisation must affect the decision on the extent of the Canadian contribution in the field of specific Commonwealth obligation. He added that the United States had vast resources. Had not the time come to ask them to assume greater security responsibilities in Europe?

DR. EVATT said that he found the memorandum a most impressive document. The figures it contained were to him most significant and he could quite understand the great anxiety which Mr. Attlee and his colleagues had on account of them. As in the case of the United Kingdom and Canada, Australia's expenditure on defence was already greatly increased, but Mr. Chifley had indicated at their earlier discussions that, in future, Australia must accept a permanent obligation greater than any that she had had before the war. It was worth taking out an insurance in peacetime against finding ourselves in the future as embarrassed as we had been in 1939. It had been the general view at the previous discussion that the problem could not be solved by the old method of a direct contribution by Dominion Governments to the cost of the United Kingdom services. Such a contribution to the Royal Navy had been suggested before the war. But this would be out of harmony with the temper of opinion in the Dominions. It seemed to him that each Dominion should rather assume obligations to provide forces under its own control for the defence of its territory and region. That was, indeed, the way that matters were developing in the Pacific. He added that greater decentralisation of control necessitated improved methods of military liaison. That matter had been discussed at an earlier meeting and he regarded it as very important. It was virtually true to say that there had been no Commonwealth plan for defence in 1939. We had had to improvise and in the result very effective arrangements had been worked out. He thought it would be most unfortunate if the foundations of this organisation were not kept in being. For instance, the Air Training Scheme had been a very important factor leading to victory. He would like a framework to be retained, which could be quickly revived if need be.

Dr. Evatt thought it worth mentioning that it had seemed to him more difficult in this war than in the previous war for officers from Dominion forces to rise to the most senior commands in the Empire, as General Monash had done. This might be due only to a difference in personal qualifications but it might also indicate some deficiency in the machinery for co-ordination of effort.

He noticed in the United Kingdom memorandum a reference to the fulfilment of commitments in the Netherlands East Indies. He hoped that British soldiers would not be kept there to maintain the Dutch position against the Indonesians. Quite apart from considerations of finance, he thought that politically this would be most unfortunate.

Finally, Dr. Evatt said that he would show this impressive document to Mr. Chifley who would study it most sympathetically with the desire to help in every way possible. Whatever could be done to lighten the burden on the United Kingdom should be done.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

MR. NASH said that on the figures given it looked as though members of the Commonwealth other than the United Kingdom should bear some part of the cost at present being borne by her. But there were other factors which must also be taken into account and, as others had said, the subject required study. Dominion Governments too had their overseas expenditure: for instance, on the army of occupation in Japan and on contributions to U.N.R.R.A.

He suggested that it would be very useful if figures could be got out to show what was the cost in money and man-power of the defence of the whole Commonwealth. On that basis it would be possible to consider how the cost should be divided. Even if each Dominion were made responsible for the defence of its own region - and New Zealand would be willing to take their share in the Pacific - this would still leave the United Kingdom responsible for the lines of communication.

Mr. Nash feared that New Zealand's contribution could not in any event be large, compared to the very large figures of the United Kingdom. Her own expenditure for defence purposes had been in the nighbourhood of £1,000,000 before the war. It was now of the order of £30,000,000.

FIELD MARSHAL SMUTS said that he found the memorandum a very alarming document. At the end of the last war there was much talk of disarmament. We no longer thought disarmament possible but it was melancholy to think that the responsi-bilities set out in this paper were the fruits of victory - and only the first fruits; what the future held in store no one could tell.

The members of the British Commonwealth had undertaken undefined obligations to the United Nations Organisation but they had at least as great an obligation to the British group of nations as they had to the United Nations. If they were prepared to support the former, how much more should they be prepared to support their own group? Everything depended on maintaining strong and intact the influence of this group. In this dangerous world it was one of the great buttresses of world order. If it went, what would remain?

Field Marshal Smuts said that he could not see what decisions could be taken at the moment in the light of this memorandum. They must take home the facts given in it and study them. Those facts would be a great shock to the people of the Dominions if they became known and would, he feared, lead to a greater sense of frustration than already existed. One thing, however, appeared to him quite clear - that the burden on one member of the group was well nigh intolerable. It was unfair to look to the British Isles, after the sacrifices made during the war, to continue to pay for the peace at the rate now indicated. The Dominions had been very proud of the record of the United Kingdom as well as of their own war efforts, but they had not perhaps thought of the burdens she bore. These matters had not been brought out but they must now be considered very carefully.

Field Marshal Smuts said that there were many difficulties with which Dominion statesmen had to reckon. For instance, any help given could not be in the form of "tribute". The United Kingdom would not expect that. There was in the Dominions a strong sense of nationalism. But there was also a strong national self-respect; they would realise a duty to carry part of this burden.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

Field Marshal Smuts said that the objective of every member of the Commonwealth must be the support of our group of Nations as a great Power. The United Kingdom alone was no longer a great Power; it could not be so in the nature of things. Its power was now spread over the whole group and we must all adjust our viewpoints to this new situation. But it would require a great deal of education before people throughout the Empire would realise this fundamental change in the balance of power. Certainly the public in the Dominions, and he thought also the public in the United Kingdon, were not educated on these matters.

MR. MACKENZIE KING said that he hoped that it would not be misunderstood if he took a somewhat reserved attitude on a paper of this importance. The question whether it would not be best to have a Commonwealth defence policy with allocation of specific liabilities was a recurrent one. Suggestions on this subject had been made as early as the Imperial Conference of 1923 and again in 1926. There had been strong Dominion opposition to the proposals, for while there were military and financial advantages in such a system, there were also political considerations which no Dominion Minister could afford to overlook. The best plan in the world was of no value if the people would not accept it.

Mr. Mackenzie King said that, in his view, the surest way to win the support of the Dominions was to trust them to accept the obligations which they believed to be natural and right. The experience of the war had proved the wisdom of this course. If there had been a highly centralised policy there might have been a very different response from the Dominions. But if ever liberty was at stake, they could be trusted to respond wholeheartedly to the call.

Mr. Mackenzie King said that he believed in the closest co-ordination and closest understanding which could be achieved, but he was not in favour of reversing the tendencies of the last 20 years.

DR. EVATT said that he felt that none of the views expressed had been in any way inconsistent with the principles stated by Mr. Mackenzie King. He did not disagree with anything that the Prime Minister of Canada had said. There was, he thought, general agreement that there could not be a rigid plan, laid down by centralised methods, with which the different countries of the Commonwealth would conform. There could not be a better or more effective system than that practised during the war. And no country had contributed more to the positive achievement of the Commonwealth than Canada. But he suggested that Commonwealth Governments could usefully develop still further their practice of consultation and co-operation in relation to attempts to forecast and to provide for the future.

DR. DALTON said that he much appreciated the response of Dominion representatives to the statement of the United Kingdom Government's obligations. He shared the view of Field Marshal Smuts that when the public knew the facts of the heavy burden that remained as an aftermath of the war on the Commonwealth as a whole they would be shocked by them. It would, he said, be of great assistance if figures comparable to those of the paper under discussion could be made available in respect of each Dominion. Not only would these be of great interest for comparisons within the Commonwealth, but they would also give the outside world an adequate picture of the position.

MR. ATTLEE agreed that this would be very useful.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

FIELD MARSHAL SMUTS also agreed that such figures would be useful. He was not for a tighter organisation but he had a profound belief in the importance of educating public opinion and he could vouch from his own reaction to the United Kingdom figures now circulated that the facts were little known.

LORD ADDISON said that there was unanimous support among British Commonwealth Governments for the political principles enunciated by Mr. Mackenzie King. These were of the first importance. There was much slipshod thought on the subject of Commonwealth relations and it was not generally realized that the Commonwealth was an association of independent states living and working according to common ideals. As Field Marshal Smuts said, it was important that public opinion should be educated on these matters.

Cabinet Office, S.W.1.

22ND MAY, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

The circulation of this paper has been strictly limited.
It is issued for the personal use of Mr. Mackenzie King
C224187

TOP SECRET Copy No. 20

MEETING OF PRIME MINISTERS

P.M.M.(46) 18th Meeting, Minute 1

Confidential Annex

(22nd May, 1946 - 3.45 p.m.)

ATOMIC ENERGY

The Meeting had before them a note by the Secretaries (P.M.M.(46) 19).

MR. ATTLEE said that a preliminary discussion had taken place on this subject before Mr. Mackenzie King's arrival (P.M.M.(46) 11th Meeting, Minute 1), and that, as on that occasion, it might be convenient to consider the matter under the two heads of:

(i) Research and development work carried out on atomic energy in the Commonwealth.

(ii) The international control of atomic energy.

At the previous meeting Lord Portal had made a full statement on plans for research and development in the United Kingdom, some account of which had also been given in the paper circulated. It would be of interest to the meeting to hear from Mr. Mackenzie King of the progress made with the experimental work in Canada.

MR. WILMOT said that work was proceeding in the United Kingdom under three heads:

(a) The conversion of Harwell aerodrome to provide accommodation for the research establishment.

(b) The design and construction of a plant for the production of uranium metal.

(c) The selection of a suitable site for the large-scale graphite pile.

It would be most helpful to have the views of the Dominion Governments on the contribution which they might feel able to make to the project in the shape of raw materials and scientific man-power.

MR. MACKENZIE KING said that Canada would certainly be able to help by the provision of raw material and would gladly make whatever contribution they could through the seconding of scientists to work for a period in the United Kingdom.

Turning to developments in Canada, he said that the special laboratory of the National Research Council

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

established at Montreal in 1942 continued to be the principal centre of research into atomic energy in Canada. This laboratory had been set up as a result of a proposal by the United Kingdom authorities that an important research project should be undertaken in Canada during the war as a joint enterprise. A pilot plant had also been erected at Chalk River, Ontario, to investigate the use of thorium as a starting point for the production of active material. This plant had been constructed under the direction of Professor J.D. Cockcroft, who was to become the head of the atomic research establishment in the United Kingdom. Both United Kingdom and Canadian scientists had been closely associated in its design and very close liaison had been maintained throughout with the research authorities in the United States, who had helped particularly by the provision of materials. Information had been made freely available to scientific workers in the United States.

Dealing with raw materials, he said that the current output from the Eldorado Mines on Great Bear Lake in Canada was at present being delivered to the United States Army under a war-time contract, which required a certain tonnage to be delivered by 1947, after which it would terminate. Current production was less than 300 tons a year, and while this was a useful contribution toward the total requirements of the United States it was a comparatively modest percentage of the total demand of the United States and the United Kingdom. The Canadian Advisory Panel estimated that the Belgian Congo might produce between 3,300 and 4,000 tons of uranium oxide in 1946. This source might, however, be exhausted or depleted in the near future. It was understood that there were possibilities of developing important deposits in South Africa. If this was confirmed it might substantially change the supply position in favour of the United Kingdom. There were also reports of deposits of raw material in South Australia.

The Government of Canada under its war-time powers had taken over the entire plant of the Eldorado Mine and had also reserved to itself control of all uranium ore and similar minerals that might be discovered in Canada in the future. The Government also intended to introduce legislation very similar to that which had just been introduced in the United Kingdom.

DR. EVATT said that the Lilienthal Report made it clear that there were limitations to the extent to which the United States Government had shared with the United Kingdom and Canada the lead which they enjoyed in the development of atomic energy. If we were to continue to work closely with the United States, should there not be a greater measure of disclosure, particularly of technical know-how? He could confirm the statement that deposits of uranium had been discovered in South Australia, and there were also extensive deposits of thorium in Australia. The Australian Government proposed to pass legislation on lines similar to those adopted in the United Kingdom. They would certainly be willing that their scientists should continue to co-operate in work carried out by the United Kingdom Government, as had been done during the war.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

In reply to a question by Field Marshal Smuts, MR. MACKENZIE KING said that he could give no accurate estimate of the life of the uranium deposits in Canada, though he thought it possible they were more extensive than had been supposed. Under the contract with the United States Army, which would be completed next year, considerable supplies had been made available to the United States, although the bulk of their requirements had been obtained from the Belgian Congo.

FIELD MARSHAL SMUTS said that the United States Government had full information about the uranium deposits in South Africa. Samples had been sent for analysis both to the United States and to the United Kingdom. The South African Government had assumed complete control over the production, processing and disposal of all such materials.

MR. MACKENZIE KING said that the Canadian Government were fully satisfied with the co-operation which had been achieved with the United Kingdom Government. They felt, however, that the establishment of the plant at Chalk River as a joint enterprise was to be regarded as a war-time arrangement and they might wish in future to assume sole responsibility for its development for industrial purposes.

Turning to the subject of the international control of atomic energy, MR. ATTLEE summarised the conclusions which had emerged from the previous discussion. The report published in America, known as the Lilienthal Report, had attracted considerable attention. At the same time doubts had been expressed both by British and American scientists about the feasibility of the proposal for the "denaturing" of active material. While, therefore, the report might prove useful as a starting point, its conclusions would require further examination.

MR. MACKENZIE KING said that he had read the minutes of the previous discussion on this subject and fully agreed with what had been said about the difficulty of formulating a workable scheme of inspection and control. He agreed, however, that the Lilienthal Report might be found useful as a starting point for further discussion.

Cabinet Office, S.W.1.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

(THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT)

SECRET

P.M.M.(46) 19th Meeting COPY NO. 58

MEETING OF PRIME MINISTERS

The Nineteenth Meeting will be held at No. 10 Downing Street, S.W.1., on THURSDAY, 23RD MAY, 1946, at 4.30 p.m.

AGENDA

1. CONSIDERATION OF DRAFT OF FINAL COMMUNIQUE

   (P.M.M.(46) 34 - to be circulated)

2. COMMERCIAL POLICY

   (a) Timetable of Commonwealth and International Conversations
   (P.M.M.(46) 29 - already circulated)

   (b) Any other aspects

3. MACHINERY FOR CONSULTATION

   To be raised orally by Lord Addison

(Signed) NORMAN BROOK
J.E. STEPHENSON

Cabinet Office, S.W.1.

22ND MAY, 1946

Note: The following have been invited to attend:

The Lord President of the Council
The Secretary for Overseas Trade
Sir Percivale Liesching, Board of Trade

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

In the course of the last five weeks the Prime Minister of the United Kingdom, The Right Honourable C.R. Attlee, and several of his Cabinet colleagues, the Prime Minister of Canada, the Right Honourable W.L. Mackenzie King, the Prime Minister of Australia, the Right Honourable J.B. Chifley, and the Australian Minister of External Affairs, the Right Honourable H.V. Evatt, the Deputy Prime Minister of New Zealand, the Right Honourable W. Nash, and the Prime Minister of South Africa, Field Marshal The Right Honourable J.C. Smuts, have engaged in informal consultations on a number of questions arising in connection with the post-war settlements.

The representatives of Canada, Australia, New Zealand and South Africa desire to place on record their sincere thanks to the Prime Minister of the United Kingdom for presiding

over....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

over the meetings and for his constant and valuable help.

The discussions have been in the nature of an informal exchange of views. They have covered a broad field and have contributed greatly to the elucidation of many problems and to a mutual understanding of the issues involved. Among the subjects on which views were exchanged were the draft peace treaties with Italy, Roumania, Bulgaria, Hungary and Finland; the future of Germany; security responsibilities and arrangements for liaison between British Commonwealth Governments on military affairs; and economic and welfare co-operation in the South Pacific and South-East Asia. The opportunity was taken for consultations on other current issues and matters of mutual interest, including separate consultations between individual

United.....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

United Kingdom and Dominion Ministers on questions specially affecting one or two countries only.

At the conclusion of the meetings, the assembled representatives of the United Kingdom, Canada, Australia, New Zealand and South Africa, place on record their appreciation of the value of this series of consultations, which exemplifies the system of free discussion and exchange of view that characterises the relations of the countries of the British Commonwealth. These methods of consultation have proved their worth. They include a continuous exchange of information and comment between the different members of the Commonwealth. They are flexible and can be used to meet a variety of situations and needs, both those where the responsibility is on one member alone and where the responsibility may have to be shared. They are peculiarly

appropriate.....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

appropriate to the character of the British Commonwealth, with its independent members who have shown by their sacrifices in the common cause their devotion to kindred ideals and their community of outlook. While all are willing to consider and adopt practical proposals for developing the existing system, it is agreed that the methods now practised are preferable to any rigid centralised machinery. In their view such centralised machinery would not facilitate, and might even hamper, the combination of autonomy and unity which is characteristic of the British Commonwealth and is one of their great achievements.

They reaffirm their belief in the efficacy of free and constant consultation and co-operation, not only within the British Commonwealth but also in the wider international sphere. They are determined to do everything in their power to maintain in time of peace.....

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

peace the historic co-operation achieved by the Allies in time of war. They look forward to the steady development throughout the whole world of closer international co-operation based on increasing mutual confidence and devoted to the raising of standards of living and the promotion of democratic liberty. Their Governments and peoples are determined to give the fullest support to the United Nations Organization, not only as a foundation of ~~future~~ peace and security, but also as a means for promoting economic progress and social welfare.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

(THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT)

C224196

S E C R E T

COPY NO. 59

P.M.M.(46) 36

23RD MAY, 1946

MEETING OF PRIME MINISTERS

FINAL COMMUNIQUE

Note by the Secretaries

Proposals for amendment of the last two paragraphs of the draft communique previously circulated (P.M.M.(46) 34) have been made by Mr. Mackenzie King. These proposals are indicated in the draft annexed. Passages in round brackets are Mr. Mackenzie King's proposals for additions to the text. Square brackets denote passages proposed for deletion.

(Signed) NORMAN BROOK
J.E. STEPHENSON

Cabinet Office, S.W.1.

23RD MAY, 1946

ANNEX

LAST TWO PARAGRAPHS OF DRAFT COMMUNIQUE INDICATING AMENDMENTS PROPOSED BY MR. MACKENZIE KING

At the conclusion of the meetings, the assembled representatives of the United Kingdom, Canada, Australia, New Zealand and South Africa place on record their appreciation of (the value of the free discussion and exchange of views) [the value of this series of consultations which exemplifies the system of free discussion and exchange of view] that characterises the relations of the countries of the British Commonwealth. (These methods of consultation have proved their worth. They are) [This system has proved its worth. It is] based on a continuous exchange of information and comment between the different members of the Commonwealth. (They are) [It is] flexible and can be used to meet a variety of situations and needs, both those where the responsibility is on one member alone and where the responsibility may have to be shared. (They are) [It is] peculiarly appropriate to the character of the British Commonwealth, with its independent members who have shown by their sacrifices in the common cause their devotion to kindred ideals and their community of outlook. While all are will to consider and adopt [any] practical proposals for developing the existing system, it is agreed that the methods now practised are preferable to any formal centralised machinery. In their view such centralised machinery would not facilitate, and might even hamper, the effective co-operation, which is the essential characteristic of the British Commonwealth and (which is one of their great achievements) [its great achievement].

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

They reaffirm their belief in the efficacy of free and constant consultation and co-operation, not only within the British Commonwealth but also in the wider international sphere. (They are determined to do everything in their power to maintain to the utmost possible extent in time of peace the historic co-operation achieved by the Allies in time of war. They) /Moreover, they are determined to do everything in their power so that the historic co-operation of the allies in war shall be maintained in peace to the utmost possible extent, and they/ look forward to the steady development (throughout the whole world) of closer international co-operation based on increasing mutual confidence and devoted to the raising of human standards in conditions of liberty /throughout the whole world/. They declare again the determination of their Governments to give the fullest support to the United Nations Organisation, not only as a foundation of future peace and security but also as a means for promoting economic progress and social welfare.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

C224198

The circulation of this paper has been strictly limited. It is issued for the personal use of ..... Official Secretary to Canadian Delegation.

TOP SECRET. **Copy No.** 60

P.M.M. (46) 19th Meeting.

MEETING OF PRIME MINISTERS.

MINUTES of the Nineteenth Meeting held in the Prime Minister's Room, House of Commons, S.W.1, on Thursday, 23rd May, 1946, at 4·30 p.m.

Present:

The Right Hon. C. R. ATTLEE, M.P., Prime Minister of the United Kingdom (*in the Chair*).

United Kingdom.

The Right Hon. HERBERT MORRISON, M.P., Lord President of the Council.
The Right Hon. VISCOUNT ADDISON, Secretary of State for Dominion Affairs.
The Right Hon. G. H. HALL, M.P., Secretary of State for the Colonies.
Mr. HECTOR MCNEIL, M.P., Parliamentary Under-Secretary of State for Foreign Affairs.
Mr. H. A. MARQUAND, M.P., Secretary for Overseas Trade.
Mr. ARTHUR HENDERSON, K.C., M.P., Parliamentary Under-Secretary of State for India.
Sir ERIC MACHTIG, Permanent Under-Secretary of State for Dominion Affairs.
Sir PERCIVALE LIESCHING, Board of Trade.

Canada.

The Right Hon. W. L. MACKENZIE KING, Prime Minister of Canada.
Mr. N. A. ROBERTSON, Under-Secretary for External Affairs.
Mr. J. W. PICKERSGILL, Private Secretary to Prime Minister.
Mr. J. W. HOLMES, Office of the High Commissioner for Canada.

Australia.

The Right Hon. H. V. EVATT, Minister of External Affairs.
The Right Hon. J. A. BEASLEY, High Commissioner for Australia.
Mr. J. D. L. HOOD, External Affairs Liaison Officer in London.
Dr. J. W. BURTON, Department of External Affairs.

New Zealand.

The Right Hon. W. NASH, Deputy Prime Minister of New Zealand.
Mr. F. SHANAHAN, Secretary of Cabinet.
Mr. F. H. CORNER, Department of External Affairs.

South Africa.

Field-Marshal The Right Hon. J. C. SMUTS, Prime Minister of South Africa.
Mr. G. HEATON NICHOLLS, High Commissioner for South Africa.
Mr. D. D. FORSYTH, Secretary for External Affairs.
Mr. R. JONES, Office of the High Commissioner for South Africa.

Secretariat.

Sir NORMAN BROOK.
Sir JOHN STEPHENSON.
Mr. C. G. EASTWOOD.
The Hon. F. E. CUMMING-BRUCE.

[31898—5] B

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C224139

CONTENTS.

1. Commercial Policy.
2. Arrangements for Consultation between Governments.
3. Nationality of Married Women.
4. Final Communiqué.
5. Field-Marshal Smuts.
6. Mr. Attlee and Lord Addison.

Commercial Policy.

1. The Meeting had before them a paper on the arrangements for intergovernmental discussions on commercial policy (P.M.M. (46) 29) and the text of recent correspondence between British Commonwealth Governments on the subject (P.M.M. (46) 33).

FIELD-MARSHAL SMUTS said that it would be of assistance to obtain some preliminary indication of the policies of British Commonwealth Governments in relation to imperial preference. The question affected all parts of the Commonwealth. There was a widespread impression, especially, but not only, in the United States, that, when the Loan Agreement had been passed by Congress, there would be an obligation to modify the system of imperial preference. He recognised that this had never been the intention. Article VII of the Mutual Aid Agreement made it clear that reduction of preferences would be related to reductions of tariffs. But public opinion had not grasped the point.

MR. ATTLEE said that the United Kingdom Government had taken the line that, while they were in favour of the freest commercial interchange and the reduction of tariffs, concessions must be reciprocal. They could not accept the view that the British Empire must be put in the dock on account of imperial preference. The United States tariff was a very high tariff and it was not for her to point the finger of scorn.

LORD ADDISON referred to the statement made by Mr. Attlee in the House of Commons on the 6th September, 1945, which had included the passage: "There is thus no question of any unilateral surrender of preferences. There must be adequate compensation for all parties affected." This view had been repeated on several occasions. The United States were inclined to represent themselves as apostles of free trade: but the United States tariff itself represented a very great obstruction of trade.

MR. NASH said that the New Zealand Government had always taken the view that the reference in Article VII to the elimination of all forms of discriminatory treatment in international commerce would be interpreted as imposing a commitment to abolish preferences. They had made strong representations in this sense before the signature of the Agreement.

DR. EVATT took a different view. He did not think that the Lend-Lease Agreement was subject to the interpretation to which Mr. Nash referred. He added that the United States Government themselves intended to maintain a system of preferences with the Philippines for a period of years, even after they became independent. In his experience it was recognised in both official and commercial circles in the United States that reductions in imperial preference must be related to United States tariff concessions.

The United States proposals on commercial policy, put forward last year, were part and parcel of the loan negotiations. The United States had used "pressure tactics" and, in particular, the question of financial aid to force conditions on the preference issue. The Australian view had then been, and still was, that they were "prepared to join in commercial policy negotiations only on the basis of making concessions in return for equivalent reciprocal concessions on the part of other countries."

In November of last year they had informed the United Kingdom Government that they could not agree to the United States proposals, and did not wish to associate themselves with them when they were announced. The Australian Government had, at that time, made the following statement: "We desire complete freedom of action in relation to the formula and all other proposals in the document. Indeed, we feel that all countries should be in a position to approach both negotiations and the conferences with full freedom to discuss and finally resolve all sections of the proposals on mutually advantageous lines."

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C224200

In a public statement issued on the 7th December of last year Mr. Chifley had said that the Australian Government would "enter the proposed negotiations and take part in the discussions without any prior commitment or implied obligation to make any specific concessions in respect of tariffs or Empire preferences." Any proposals in these fields would be "dealt with on their merits and any concessions agreed to must be counter-balanced by fully equivalent concessions which will enlarge the market opportunities for Australia's exports, both primary and secondary."

He wished to reiterate the views of the Australian Government. They had repeatedly maintained the necessity for a high level of employment and a high purchasing power. They had regarded the removal of trade barriers as ancillary to the task of maintaining the highest possible degree of employment. It was that view which prevailed at San Francisco, and led to the inclusion of an undertaking to pursue full employment as a main objective. It was their insistence on this point of view, now widely accepted in both government and academic fields, that had led to the decision to call a conference on trade *and employment*.

Having got so far, they would not allow the United States Government to push into the background their obligation in the Charter, and their decision to consider employment along with tariff negotiations. When imperial preference was attacked, we should remember that it was introduced after and not before the Hawley–Smoot tariff of 1930. As in the case of bases, there could be no concessions unless there were reciprocal obligations. Unless the United States was willing, not only to make very great concessions—and Australia's trade negotiations with her had led them to doubt whether she would do so—but also to fulfil her obligation to maintain high levels of employment, Australia could not afford to make any concessions. Her demands for imports were growing all the time because of the great demand caused by her high level of employment. These demands could only be met by sales overseas. If she was forced into the choice of reducing employment levels or placing restrictions on imports, she must adopt the latter.

The Australian Government considered that in the United States a wrong interpretation was being placed on Article VII of the Mutual Aid Agreement. On the one hand, the United States Government had shown no positive intention to reduce tariffs: on the other hand, they proposed to maintain a preferential system with the Philippines. In entering the commercial policy negotiations the Australian Government would not regard themselves as bound by any commitment. They could not contemplate modifying imperial preference without reciprocal concessions.

MR. MACKENZIE KING said that the Canadian Government would not consider themselves bound by any commitment in entering upon the negotiations. They would welcome any progress towards increased freedom of trade, but considered that changes in preferences must depend on changes in tariffs.

MR. NASH said that the New Zealand Government were not opposed in principle to reduction of tariffs and preferences, but they could not agree to any prior commitment to abolish preferences as they attached the highest importance to them. A reduction of United States tariffs was essential. He observed that, in the case of New Zealand, control of exchange and arrangements for licensing imports on a quota basis were a more important means of control of trade than tariffs. He granted that the present procedure was highly discriminatory in favour of the United Kingdom, but the New Zealand Government regarded the system as of great value. He added that with regard to Bretton Woods, New Zealand's exchange control and import procedure met all the requirements for the necessary exchange to be available to meet payments for all current transactions. If substantial United States tariff reductions were obtained, New Zealand would be prepared to consider modifying its present method of issuing of import licences. He did not, however, take the view that if all available overseas exchange was used control by quota must necessarily restrict the expansion of international trade.

He summarised the policy of the New Zealand Government. As stated in their telegram No. 389 of the 18th November, 1945, to the Secretary of State for Dominion Affairs, their policy was to maintain complete control of New Zealand's external exchange; this control of exchange could not be effective without control of imports; and control of imports and effective use of exchange funds were linked up with the expansion of manufacturing facilities within

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

New Zealand which they considered essential if they were to meet their commitments for full employment. They were anxious to maintain their preferences for United Kingdom imports into New Zealand and to continue to receive preferences in the United Kingdom for New Zealand's primary products. In their opinion, this policy would not prevent New Zealand negotiating for the reciprocal reduction of tariffs and for the expansion of trade by other means within and without the Commonwealth.

MR. MARQUAND said that the United Kingdom Government would enter the negotiations with the hope that a world trade agreement would result from them. The issue largely depended on the extent of the tariff concessions which the United States were prepared to make. In this connection he suggested that it was important that Commonwealth Governments should do nothing which might have the effect of discouraging the United States Government in advance of the discussions.

SIR PERCIVALE LIESCHING said that at the time of the negotiations of the Mutual Aid Agreement the dangers of misconstruction of Article VII had been fully appreciated and the United Kingdom Government might not haye signed it if it had not been for the explicit understandings recorded in the accompanying exchange of letters. It was clearly recognised that there must be concessions on both sides, and he observed that the terms of Mr. Attlee's statement of the 6th December had been agreed with the United States Government. In the recent Washington conversations the United Kingdom Delegation had taken a very firm stand, and he was fully satisfied as to the strength of the bargaining position of British Commonwealth Governments, provided that no Government adopted the position that no reduction in imperial preference could be considered. As regards the United States arrangements with the Philippines, he suggested that it would not be wise to press analogies between these and imperial preference too far, for the Philippines arrangements contemplated the automatic abolition of preferences in twenty years' time.

MR. MACKENZIE KING said that the understanding of the Canadian Government and their general attitude was the same as that of the United Kingdom Government as stated by Sir Percivale Liesching.

FIELD-MARSHAL SMUTS said that he was satisfied with Sir Percivale Liesching's statement of the position.

Summing up, MR. ATTLEE said that there appeared to be a wide measure of agreement between British Commonwealth Governments on the general lines of approach to the problem.

The Meeting then turned to consider the timetable for the forthcoming intergovernmental discussions on commercial policy.

MR. MORRISON said that the international discussions now proposed would fall into three stages :—

(i) A meeting of the Preparatory Committee of the Economic and Social Council to elaborate an annotated draft agenda for the eventual United Nations Conference.
(ii) A meeting of "Drafting Countries" to be convened by the United States Government to negotiate on the basis of the "Proposals on Trade and Employment" which had been published at the time of the Loan Agreement last December (Cmd. 6709). This meeting would include detailed negotiations on tariffs and preferences.
(iii) A full international conference to be called by the United Nations.

After consultations between the United States, the United Kingdom and Dominion Governments, it had now been agreed that the Preparatory Committee should meet on the 15th October, probably in London or Geneva. The meeting of the Drafting Countries would take place in March. No date had yet been fixed for the United Nations Conference.

The question now arose what separate discussions were required between Commonwealth countries. Telegrams had passed between the various countries on this subject and there was general agreement that discussions would be necessary before the Drafting Countries met in March, when detailed bargaining on tariffs and preferences would occur as well as discussions on non-tariff matters. It had also been proposed that there might be a preliminary exchange of views before the October meeting, to cover such questions as the use of import

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

quotas, subsidies, State trading, cartels and full employment. There seemed, however, to be some doubt as to the necessity for these discussions and some difficulty in fixing a date for them.

MR. MACKENZIE KING said that the number of international conferences made very heavy demands on the time of Ministers and officials. He doubted whether a special meeting would be necessary before the Preparatory Committee met in October, unless it were for a few days immediately before that meeting. The peculiar Commonwealth interest in the general commercial policy proposals lay in the special relationship between preferences and tariff reductions and this question would not be considered by the Preparatory Committee. There could be no doubt that the officials of Commonwealth countries, who had been associated with the earlier stages of the commercial discussions, would continue to work closely together within the Preparatory Committee. He thought it would probably be a mistake to try to formulate a specifically Commonwealth approach to the various questions of general commercial policy which would then be considered.

As regards discussions before the meeting of the Drafting Countries, he thought that these should immediately precede the meeting. They would, indeed, naturally merge into them, for discussions between Commonwealth countries about the modifications of preferences to which they could consent could hardly proceed very far until they knew fairly precisely what reductions the other parties to the negotiations would be ready to offer, and these offers would only be developed in the course of the actual negotiations between the Drafting Countries. He suggested, therefore, that the discussions between Commonwealth countries should start not more than three weeks before the meeting of the Drafting Countries.

DR. EVATT thought that discussions prior to the meeting of the Preparatory Committee would be worth while. He suggested that discussions between officials a fortnight or so before the meeting of the Preparatory Committee would suffice. It would probably be well not to give any undue publicity to these preliminary discussions.

MR. NASH said that he would have preferred that the discussions should take place in July as New Zealand officials would be in this country at that time and he would also be here himself. He thought it would be very useful to have preliminary talks on such matters as State trading, bulk purchase and subsidies which, to New Zealand at any rate, were quite as important as tariffs. He was also anxious to give public indication in New Zealand that the principle of imperial preference was not in doubt.

FIELD-MARSHAL SMUTS said that it would be difficult for South Africa to make officials available in July in addition to October. He was, therefore, in favour of a preliminary discussion before the October meeting.

LORD ADDISON suggested that it would be possible for United Kingdom representatives to have useful talks during July with Mr. Nash and New Zealand officials, with the participation of the High Commissioners for the other Dominions and such officials as happened to be in this country at that time.

After further discussion it was agreed that this would be the best course to follow, and that arrangements should be set in train accordingly.

Arrangements for Consultation between Governments.

2. LORD ADDISON said that he would like to discover from Dominion Ministers whether they had any suggestions to make to improve the present arrangements for consultation between Commonwealth Governments. The arrangements in practice were founded on the resolutions of the Imperial Conferences of 1926 and 1930. The Conference of 1930 had summarised the main points of the system of communication and consultation in relation to foreign affairs as follows :—

" (1) Any of His Majesty's Governments conducting negotiations should inform the other Governments of His Majesty in case they should be interested and give them the opportunity of expressing their views if they think that their interests may be affected.

(2) Any of His Majesty's Governments on receiving such information should, if it desires to express any views, do so with reasonable promptitude.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

(3) None of His Majesty's Governments can take any steps which might involve the other Governments of His Majesty in any active obligations without their definite assent."

In commenting on (1), the Conference had said :—

"The application of this is not confined to treaty negotiations. It cannot be doubted that the fullest possible interchange of information between His Majesty's Governments in relation to all aspects of foreign affairs is of the greatest value to all the Governments concerned."

Lord Addison said that a very large number of telegrams and despatches were now sent by the United Kingdom Government to Dominion Governments to keep them informed of developments in world affairs. In many cases the messages were confined to factual information. Others also gave the views or comments of the United Kingdom Government. In such cases the United Kingdom Government proceeded on the assumption that, if a Dominion Government wished to offer any comments of its own, it would not hesitate to do so. When no comment was made by a Government, they assumed that it did not wish to express any views on the subject.

Lord Addison said that in his opinion the system worked very well. But he would welcome their comments or suggestions for improvement of it.

MR. MACKENZIE KING said that he thought that the system worked excellently. The Dominions Office kept Dominion Governments very fully informed, and the arrangements had worked with remarkable efficiency both during and since the war. The Canadian Government agreed with the statement of principles mentioned by Lord Addison. When, on receipt of information from another Commonwealth Government, they offered no comment, neither acceptance nor rejection of the points made in the communication was implied by the absence of comment. In such a case the position was merely that the Canadian Government had been informed. He suggested that it was necessary carefully to distinguish the two processes, first, of informing and, secondly, of consulting other Governments. Consultation placed an immediate responsibility on the Government consulted. But be observed that, in the case of messages addressed by the United Kingdom Government to all four Dominion Governments, it was not the invariable practice of the Canadian Government to send a reply even when comments were invited, since it often was apparent that the subject was of concern to others of the Dominion Governments addressed rather than to the Canadian Government.

Mr. Mackenzie King considered that the system of exchange of communications between Governments, supplemented by the contacts maintained by High Commissioners, was now of great efficiency. He had been a strong advocate of the method of consultation by written messages. This enabled the Minister concerned in each country to discuss the subject with his Government colleagues. Under the present system, therefore, there was, in effect, a continuous conference of the Cabinets of the Commonwealth capable of dealing with all questions by Governmental decisions. As he had explained, he hesitated to express opinions at Commonwealth meetings such as the present, because he could not consult his colleagues. It was, moreover, valuable to have the written record of the views expressed on each side which resulted from an exchange of messages. By this means, also, all British Commonwealth Governments could be kept informed; for where the subject of a communication was of interest to more than one Commonwealth Government, the Canadian Government usually communicated their reply to all the Governments concerned.

DR. EVATT doubted whether the summary of points made by the 1930 Imperial Conference now entirely covered the ground. He gave as an instance the development of Dominion responsibilities in international affairs. Far Eastern affairs were of vital concern to Australia, and the Australian Government wished to have immediate information of developments. As regards the general arrangements for consultation, during the war there had been occasions when, under the stress of circumstances, decisions of great importance to Dominion Governments had been taken without any consultation with them, but that was not the case now. As to the principles, he considered that the proposed communiqué to be issued after the meeting summed up the position well. The alternative to the present system would be the establishment of some centralised machinery, but such a step might impose a strain on inter-governmental relations. It would lead to a very difficult situation if relations between British Commonwealth Governments became a matter of party politics in any country of the

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C224204

Commonwealth and he hoped that this situation would not arise. He thought that Lord Addison and his Department were to be complimented on their work; Dominion Governments were, he was sure, most grateful to them.

MR. NASH said that he endorsed the views expressed by Mr. Mackenzie King. He considered that the system worked very well in general, but he would like to make four points. First, he suggested that sometimes information might be supplied to Dominion Governments earlier. Secondly, he thought that there could usefully be an extension of the practice of repetition to other Commonwealth Governments of the messages addressed by one Dominion Government to another or to the United Kingdom Government. Thirdly, there might be scope for Dominion Governments on their side to improve their own arrangements for consultation with other Commonwealth Governments, and he referred to the negotiation of the Australia–New Zealand Agreement of 1943 as a case in point. In such cases Dominion Governments should, he suggested, see that other members of the Commonwealth were informed of the progress of events. Finally, he suggested that Dominion Governments might supply to the United Kingdom Government information received from their representatives in foreign capitals.

MR. ATTLEE said that reports of this kind received from Dominion Governments during the war had often been found most useful.

FIELD-MARSHAL SMUTS said that in his view the present system worked admirably. He did not see how it could be improved at present. Indeed Dominion Governments were kept so fully informed by the United Kingdom Government that it was sometimes difficult to absorb the information. He distinguished between the classes of messages. Telegrams imparting information were of great value as a background for Commonwealth co-operation; these did not necessarily call for acknowledgment. Another class required a response from Dominion Governments. The South African Government endeavoured to reply promptly and dealt in complete frankness with the other members of the Commonwealth. In addition to the telegrams exchanged between Governments, each Government was in constant touch with its High Commissioner, who supplied valuable supplementary information. This representation should, he suggested, be extended between all the Governments of the Commonwealth. When they all had High Commissioners in the capitals of the other members of the Commonwealth, then he thought that the present machinery for consultation could not be further improved.

Field-Marshal Smuts said that it was recognised that, during the war, certain decisions had had to be treated with special secrecy. Certainly, since the end of the war, the fullest information had been supplied in a most efficient manner, and he expressed his gratitude to Lord Addison and the Dominions Office.

He thought that few people realised how constant and close was the contact at present maintained between Commonwealth Governments and he suggested that it would be very useful if Mr. Attlee or Lord Addison could make a public statement on the subject, possibly in connection with the discussion at that meeting.

MR. ATTLEE and LORD ADDISON said that they would certainly consider this suggestion.

Nationality of Married Women.

(Previous Reference: P.M.M. (46) 17th Meeting, Item 1.)

3. LORD ADDISON said that in accordance with the decision taken at the 17th Meeting, draft terms of reference for the meeting of experts had been prepared at a meeting of officials.

There was general agreement with the substance of this draft. The precise wording should be settled between officials. It was agreed that the meeting of experts should be convened as soon as possible.

Final Communiqué.

4. The Meeting had before them a draft of a final communiqué circulated by Lord Addison (P.M.M. (46) 34) and amendments to the draft suggested by Mr. Mackenzie King and Dr. Evatt (P.M.M. (46) 36 and 35). The text of the communiqué as finally agreed is annexed to these Minutes.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C224205

Field-Marshal Smuts.

5. MR. ATTLEE, speaking with the warm approval of all present at the meeting, called attention to the fact that the following day was the 76th birthday of Field-Marshal Smuts. He was sure that he spoke on behalf of all present in conveying to Field-Marshal Smuts his congratulations and best wishes for long life and happiness. It was an honour to have among them one who was, without doubt, the doyen among the statesmen of the world.

FIELD-MARSHAL SMUTS expressed his thanks to the Meeting. He was much touched by this expression of their good wishes and regard.

Mr. Attlee and Lord Addison.

6. MR. MACKENZIE KING and the other Dominion Ministers expressed to Mr. Attlee their deep gratitude for the time and patience he had devoted to the meetings, which they well knew must have been an exacting call on him among his many preoccupations. They much appreciated his sympathetic understanding of the points of view of Dominion Governments. They were most grateful also to Lord Addison for his indefatigable efforts and help. They expressed appreciation to the officials concerned for the arrangements; these had been most satisfactory. Finally, they were grateful to His Majesty's Government for their generous hospitality and the facilities afforded to them.

MR. ATTLEE, in reply, said that it had been a great pleasure, and he was sure a great advantage, to have an opportunity of supplementing the official communications between Governments by the personal contacts established at these meetings.

Cabinet Office, S.W. 1,
23*rd May*, 1946.

ANNEX.

TEXT OF FINAL COMMUNIQUÉ ISSUED TO THE PRESS ON 23RD MAY, 1946.

In the course of the last five weeks the Prime Minister of the United Kingdom, the Right Honourable C. R. Attlee, and several of his Cabinet colleagues, the Prime Minister of Canada, the Right Honourable W. L. Mackenzie King, the Prime Minister of Australia, the Right Honourable J. B. Chifley, and the Australian Minister of External Affairs, the Right Honourable H. V. Evatt, the Deputy Prime Minister of New Zealand, the Right Honourable W. Nash, and the Prime Minister of South Africa, Field-Marshal the Right Honourable J. C. Smuts, have engaged in informal consultations on a number of questions arising in connection with the post-war settlements.

The representatives of Canada, Australia, New Zealand and South Africa desire to place on record their sincere thanks to the Prime Minister of the United Kingdom for presiding over the meetings and for his constant and valuable help.

The discussions have been in the nature of an informal exchange of views. They have covered a broad field and have contributed greatly to the elucidation of many problems and to a mutual understanding of the issues involved. Among the subjects on which views were exchanged were the draft Peace Treaties with Italy, Roumania, Bulgaria, Hungary and Finland; the future of Germany; security responsibilities and arrangements for liaison between British Commonwealth Governments on military affairs; and economic and welfare co-operation in the South Pacific and South-East Asia. The opportunity was taken for consultations on other current issues and matters of mutual interest, including separate consultations between individual United Kingdom and Dominion Ministers on questions specially affecting one or two countries only.

At the conclusion of the meetings, the assembled representatives of the United Kingdom, Canada, Australia, New Zealand and South Africa place on record their appreciation of the value of this series of consultations, which exemplifies the system of free discussion and exchange of views that characterises the relations of the countries of the British Commonwealth. The existing methods of consultation have proved their worth. They include a continuous exchange of information and comment between the different members of the Commonwealth. They are flexible

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C224206

and can be used to meet a variety of situations and needs, both those where the responsibility is on one member alone and where the responsibility may have to be shared. They are peculiarly appropriate to the character of the British Commonwealth, with its independent members who have shown by their sacrifices in the common cause their devotion to kindred ideals and their community of outlook. While all are willing to consider and adopt practical proposals for developing the existing system, it is agreed that the methods now practised are preferable to any rigid centralised machinery. In their view such centralised machinery would not facilitate, and might even hamper, the combination of autonomy and unity which is characteristic of the British Commonwealth and is one of their great achievements.

They reaffirm their belief in the efficacy of free and constant consultation and co-operation, not only within the British Commonwealth but also in the wider international sphere. They are determined to do everything in their power to maintain in time of peace the historic co-operation achieved by the Allies in time of war. They look forward to the steady development throughout the whole world of closer international co-operation based on increasing mutual confidence and devoted to the raising of standards of living and the promotion of democratic liberty. Their Governments and peoples are determined to give the fullest support to the United Nations Organisation, not only as a foundation of peace and security, but also as a means for promoting economic progress and social welfare.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C224207

Sent as follows
Secret Canadian eyes only

You c'd
say that
our understanding
of the position is
& as this memo
describes it

~~To do~~ did
- X

Memo re Naval Commitments
for Secret Agreement

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C224208

There are no commitments on our part —

No - there at all
We've welcome the
effort to get trade freer
that shall

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C224208a

Is it not time that we welcomed without endorsing the U.S.-U.K. proposals?

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C224209

10, Downing Street,
Whitehall.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C224210

Are they thinking about the possibility of transferring any police obligations of the United Nations?

When Mr. St. Laurent was in January - he raised the question in relation to Occupation forces in Germany. He thought Canada for instance might expect to take a share of general limited

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C224211

10, Downing Street,
Whitehall.

It will be much easier
for us to talk plainly to the
U.K. alone than at the meeting.

~~It~~

I think I'd say plainly that Canadian
defence policy cannot really be placed
within the Commonwealth relationship
- it is now more than ever before governed
by the fact of our relationships to the United States

You made a
good statement

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

C224212

The circulation of this paper has been strictly limited. It is issued for the personal use of Mr. Mackenzie King

TOP SECRET. Copy No. 58

P.M.M. (46) 19th Meeting.

MEETING OF PRIME MINISTERS.

MINUTES of the Nineteenth Meeting held in the Prime Minister's Room, House of Commons, S.W. 1, on Thursday, 23rd May, 1946, at 4·30 p.m.

Present:

The Right Hon. C. R. ATTLEE, M.P., Prime Minister of the United Kingdom (*in the Chair*).

United Kingdom.

The Right Hon. HERBERT MORRISON, M.P., Lord President of the Council.
The Right Hon. VISCOUNT ADDISON, Secretary of State for Dominion Affairs.
The Right Hon. G. H. HALL, M.P., Secretary of State for the Colonies.
Mr. HECTOR MCNEIL, M.P., Parliamentary Under-Secretary of State for Foreign Affairs.
Mr. H. A. MARQUAND, M.P., Secretary for Overseas Trade.
Mr. ARTHUR HENDERSON, K.C., M.P., Parliamentary Under-Secretary of State for India.
Sir ERIC MACHTIG, Permanent Under-Secretary of State for Dominion Affairs.
Sir PERCIVALE LIESCHING, Board of Trade.

Canada.

The Right Hon. W. L. MACKENZIE KING, Prime Minister of Canada.
Mr. N. A. ROBERTSON, Under-Secretary for External Affairs.
Mr. J. W. PICKERSGILL, Private Secretary to Prime Minister.
Mr. J. W. HOLMES, Office of the High Commissioner for Canada.

Australia.

The Right Hon. H. V. EVATT, Minister of External Affairs.
The Right Hon. J. A. BEASLEY, High Commissioner for Australia.
Mr. J. D. L. HOOD, External Affairs Liaison Officer in London.
Dr. J. W. BURTON, Department of External Affairs.

New Zealand.

The Right Hon. W. NASH, Deputy Prime Minister of New Zealand.
Mr. F. SHANAHAN, Secretary of Cabinet.
Mr. F. H. CORNER, Department of External Affairs.

South Africa.

Field-Marshal The Right Hon. J. C. SMUTS, Prime Minister of South Africa.
Mr. G. HEATON NICHOLLS, High Commissioner for South Africa.
Mr. D. D. FORSYTH, Secretary for External Affairs.
Mr. R. JONES, Office of the High Commissioner for South Africa.

Secretariat.

Sir NORMAN BROOK.
Sir JOHN STEPHENSON.
Mr. C. G. EASTWOOD.
The Hon. F. E. CUMMING-BRUCE.

[31898—5]

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

CONTENTS.

1. Commercial Policy.
2. Arrangements for Consultation between Governments.
3. Nationality of Married Women.
4. Final Communiqué.
5. Field-Marshal Smuts.
6. Mr. Attlee and Lord Addison.

Commercial Policy.

1. The Meeting had before them a paper on the arrangements for inter-governmental discussions on commercial policy (P.M.M. (46) 29) and the text of recent correspondence between British Commonwealth Governments on the subject (P.M.M. (46) 33).

FIELD-MARSHAL SMUTS said that it would be of assistance to obtain some preliminary indication of the policies of British Commonwealth Governments in relation to imperial preference. The question affected all parts of the Commonwealth. There was a widespread impression, especially, but not only, in the United States, that, when the Loan Agreement had been passed by Congress, there would be an obligation to modify the system of imperial preference. He recognised that this had never been the intention. Article VII of the Mutual Aid Agreement made it clear that reduction of preferences would be related to reductions of tariffs. But public opinion had not grasped the point.

MR. ATTLEE said that the United Kingdom Government had taken the line that, while they were in favour of the freest commercial interchange and the reduction of tariffs, concessions must be reciprocal. They could not accept the view that the British Empire must be put in the dock on account of imperial preference. The United States tariff was a very high tariff and it was not for her to point the finger of scorn.

LORD ADDISON referred to the statement made by Mr. Attlee in the House of Commons on the 6th September, 1945, which had included the passage: "There is thus no question of any unilateral surrender of preferences. There must be adequate compensation for all parties affected." This view had been repeated on several occasions. The United States were inclined to represent themselves as apostles of free trade: but the United States tariff itself represented a very great obstruction of trade.

MR. NASH said that the New Zealand Government had always taken the view that the reference in Article VII to the elimination of all forms of discriminatory treatment in international commerce would be interpreted as imposing a commitment to abolish preferences. They had made strong representations in this sense before the signature of the Agreement.

DR. EVATT took a different view. He did not think that the Lend-Lease Agreement was subject to the interpretation to which Mr. Nash referred. He added that the United States Government themselves intended to maintain a system of preferences with the Philippines for a period of years, even after they became independent. In his experience it was recognised in both official and commercial circles in the United States that reductions in imperial preference must be related to United States tariff concessions.

The United States proposals on commercial policy, put forward last year, were part and parcel of the loan negotiations. The United States had used "pressure tactics" and, in particular, the question of financial aid to force conditions on the preference issue. The Australian view had then been, and still was, that they were "prepared to join in commercial policy negotiations only on the basis of making concessions in return for equivalent reciprocal concessions on the part of other countries."

In November of last year they had informed the United Kingdom Government that they could not agree to the United States proposals, and did not wish to associate themselves with them when they were announced. The Australian Government had, at that time, made the following statement: "We desire complete freedom of action in relation to the formula and all other proposals in the document. Indeed, we feel that all countries should be in a position to approach both negotiations and the conferences with full freedom to discuss and finally resolve all sections of the proposals on mutually advantageous lines."

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

In a public statement issued on the 7th December of last year Mr. Chifley had said that the Australian Government would "enter the proposed negotiations and take part in the discussions without any prior commitment or implied obligation to make any specific concessions in respect of tariffs or Empire preferences." Any proposals in these fields would be "dealt with on their merits and any concessions agreed to must be counter-balanced by fully equivalent concessions which will enlarge the market opportunities for Australia's exports, both primary and secondary."

He wished to reiterate the views of the Australian Government. They had repeatedly maintained the necessity for a high level of employment and a high purchasing power. They had regarded the removal of trade barriers as ancillary to the task of maintaining the highest possible degree of employment. It was that view which prevailed at San Francisco, and led to the inclusion of an undertaking to pursue full employment as a main objective. It was their insistence on this point of view, now widely accepted in both government and academic fields, that had led to the decision to call a conference on trade *and employment*.

Having got so far, they would not allow the United States Government to push into the background their obligation in the Charter, and their decision to consider employment along with tariff negotiations. When imperial preference was attacked, we should remember that it was introduced after and not before the Hawley–Smoot tariff of 1930. As in the case of bases, there could be no concessions unless there were reciprocal obligations. Unless the United States was willing, not only to make very great concessions—and Australia's trade negotiations with her had led them to doubt whether she would do so—but also to fulfil her obligation to maintain high levels of employment, Australia could not afford to make any concessions. Her demands for imports were growing all the time because of the great demand caused by her high level of employment. These demands could only be met by sales overseas. If she was forced into the choice of reducing employment levels or placing restrictions on imports, she must adopt the latter.

The Australian Government considered that in the United States a wrong interpretation was being placed on Article VII of the Mutual Aid Agreement. On the one hand, the United States Government had shown no positive intention to reduce tariffs : on the other hand, they proposed to maintain a preferential system with the Philippines. In entering the commercial policy negotiations the Australian Government would not regard themselves as bound by any commitment. They could not contemplate modifying imperial preference without reciprocal concessions.

MR. MACKENZIE KING said that the Canadian Government would not consider themselves bound by any commitment in entering upon the negotiations. They would welcome any progress towards increased freedom of trade, but considered that changes in preferences must depend on changes in tariffs.

MR. NASH said that the New Zealand Government were not opposed in principle to reduction of tariffs and preferences, but they could not agree to any prior commitment to abolish preferences as they attached the highest importance to them. A reduction of United States tariffs was essential. He observed that, in the case of New Zealand, control of exchange and arrangements for licensing imports on a quota basis were a more important means of control of trade than tariffs. He granted that the present procedure was highly discriminatory in favour of the United Kingdom, but the New Zealand Government regarded the system as of great value. He added that with regard to Bretton Woods, New Zealand's exchange control and import procedure met all the requirements for the necessary exchange to be available to meet payments for all current transactions. If substantial United States tariff reductions were obtained, New Zealand would be prepared to consider modifying its present method of issuing of import licences. He did not, however, take the view that if all available overseas exchange was used control by quota must necessarily restrict the expansion of international trade.

He summarised the policy of the New Zealand Government. As stated in their telegram No. 389 of the 18th November, 1945, to the Secretary of State for Dominion Affairs, their policy was to maintain complete control of New Zealand's external exchange; this control of exchange could not be effective without control of imports; and control of imports and effective use of exchange funds were linked up with the expansion of manufacturing facilities within

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C224215

New Zealand which they considered essential if they were to meet their commitments for full employment. They were anxious to maintain their preferences for United Kingdom imports into New Zealand and to continue to receive preferences in the United Kingdom for New Zealand's primary products. In their opinion, this policy would not prevent New Zealand negotiating for the reciprocal reduction of tariffs and for the expansion of trade by other means within and without the Commonwealth.

MR. MARQUAND said that the United Kingdom Government would enter the negotiations with the hope that a world trade agreement would result from them. The issue largely depended on the extent of the tariff concessions which the United States were prepared to make. In this connection he suggested that it was important that Commonwealth Governments should do nothing which might have the effect of discouraging the United States Government in advance of the discussions.

SIR PERCIVALE LIESCHING said that at the time of the negotiations of the Mutual Aid Agreement the dangers of misconstruction of Article VII had been fully appreciated and the United Kingdom Government might not haye signed it if it had not been for the explicit understandings recorded in the accompanying exchange of letters. It was clearly recognised that there must be concessions on both sides, and he observed that the terms of Mr. Attlee's statement of the 6th December had been agreed with the United States Government. In the recent Washington conversations the United Kingdom Delegation had taken a very firm stand, and he was fully satisfied as to the strength of the bargaining position of British Commonwealth Governments, provided that no Government adopted the position that no reduction in imperial preference could be considered. As regards the United States arrangements with the Philippines, he suggested that it would not be wise to press analogies between these and imperial preference too far, for the Philippines arrangements contemplated the automatic abolition of preferences in twenty years' time.

MR. MACKENZIE KING said that the understanding of the Canadian Government and their general attitude was the same as that of the United Kingdom Government as stated by Sir Percivale Liesching.

FIELD-MARSHAL SMUTS said that he was satisfied with Sir Percivale Liesching's statement of the position.

Summing up, MR. ATTLEE said that there appeared to be a wide measure of agreement between British Commonwealth Governments on the general lines of approach to the problem.

The Meeting then turned to consider the timetable for the forthcoming intergovernmental discussions on commercial policy.

MR. MORRISON said that the international discussions now proposed would fall into three stages :—

(i) A meeting of the Preparatory Committee of the Economic and Social Council to elaborate an annotated draft agenda for the eventual United Nations Conference.
(ii) A meeting of "Drafting Countries" to be convened by the United States Government to negotiate on the basis of the "Proposals on Trade and Employment" which had been published at the time of the Loan Agreement last December (Cmd. 6709). This meeting would include detailed negotiations on tariffs and preferences.
(iii) A full international conference to be called by the United Nations.

After consultations between the United States, the United Kingdom and Dominion Governments, it had now been agreed that the Preparatory Committee should meet on the 15th October, probably in London or Geneva. The meeting of the Drafting Countries would take place in March. No date had yet been fixed for the United Nations Conference.

The question now arose what separate discussions were required between Commonwealth countries. Telegrams had passed between the various countries on this subject and there was general agreement that discussions would be necessary before the Drafting Countries met in March, when detailed bargaining on tariffs and preferences would occur as well as discussions on non-tariff matters. It had also been proposed that there might be a preliminary exchange of views before the October meeting, to cover such questions as the use of import

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C224216

quotas, subsidies, State trading, cartels and full employment. There seemed, however, to be some doubt as to the necessity for these discussions and some difficulty in fixing a date for them.

MR. MACKENZIE KING said that the number of international conferences made very heavy demands on the time of Ministers and officials. He doubted whether a special meeting would be necessary before the Preparatory Committee met in October, unless it were for a few days immediately before that meeting. The peculiar Commonwealth interest in the general commercial policy proposals lay in the special relationship between preferences and tariff reductions and this question would not be considered by the Preparatory Committee. There could be no doubt that the officials of Commonwealth countries, who had been associated with the earlier stages of the commercial discussions, would continue to work closely together within the Preparatory Committee. He thought it would probably be a mistake to try to formulate a specifically Commonwealth approach to the various questions of general commercial policy which would then be considered.

As regards discussions before the meeting of the Drafting Countries, he thought that these should immediately precede the meeting. They would, indeed, naturally merge into them, for discussions between Commonwealth countries about the modifications of preferences to which they could consent could hardly proceed very far until they knew fairly precisely what reductions the other parties to the negotiations would be ready to offer, and these offers would only be developed in the course of the actual negotiations between the Drafting Countries. He suggested, therefore, that the discussions between Commonwealth countries should start not more than three weeks before the meeting of the Drafting Countries.

DR. EVATT thought that discussions prior to the meeting of the Preparatory Committee would be worth while. He suggested that discussions between officials a fortnight or so before the meeting of the Preparatory Committee would suffice. It would probably be well not to give any undue publicity to these preliminary discussions.

MR. NASH said that he would have preferred that the discussions should take place in July as New Zealand officials would be in this country at that time and he would also be here himself. He thought it would be very useful to have preliminary talks on such matters as State trading, bulk purchase and subsidies which, to New Zealand at any rate, were quite as important as tariffs. He was also anxious to give public indication in New Zealand that the principle of imperial preference was not in doubt.

FIELD-MARSHAL SMUTS said that it would be difficult for South Africa to make officials available in July in addition to October. He was, therefore, in favour of a preliminary discussion before the October meeting.

LORD ADDISON suggested that it would be possible for United Kingdom representatives to have useful talks during July with Mr. Nash and New Zealand officials, with the participation of the High Commissioners for the other Dominions and such officials as happened to be in this country at that time.

After further discussion it was agreed that this would be the best course to follow, and that arrangements should be set in train accordingly.

Arrangements for Consultation between Governments.

2. LORD ADDISON said that he would like to discover from Dominion Ministers whether they had any suggestions to make to improve the present arrangements for consultation between Commonwealth Governments. The arrangements in practice were founded on the resolutions of the Imperial Conferences of 1926 and 1930. The Conference of 1930 had summarised the main points of the system of communication and consultation in relation to foreign affairs as follows :—

"(1) Any of His Majesty's Governments conducting negotiations should inform the other Governments of His Majesty in case they should be interested and give them the opportunity of expressing their views if they think that their interests may be affected.

(2) Any of His Majesty's Governments on receiving such information should, if it desires to express any views, do so with reasonable promptitude.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

(3) None of His Majesty's Governments can take any steps which might involve the other Governments of His Majesty in any active obligations without their definite assent."

In commenting on (1), the Conference had said :—

"The application of this is not confined to treaty negotiations. It cannot be doubted that the fullest possible interchange of information between His Majesty's Governments in relation to all aspects of foreign affairs is of the greatest value to all the Governments concerned."

Lord Addison said that a very large number of telegrams and despatches were now sent by the United Kingdom Government to Dominion Governments to keep them informed of developments in world affairs. In many cases the messages were confined to factual information. Others also gave the views or comments of the United Kingdom Government. In such cases the United Kingdom Government proceeded on the assumption that, if a Dominion Government wished to offer any comments of its own, it would not hesitate to do so. When no comment was made by a Government, they assumed that it did not wish to express any views on the subject.

Lord Addison said that in his opinion the system worked very well. But he would welcome their comments or suggestions for improvement of it.

MR. MACKENZIE KING said that he thought that the system worked excellently. The Dominions Office kept Dominion Governments very fully informed, and the arrangements had worked with remarkable efficiency both during and since the war. The Canadian Government agreed with the statement of principles mentioned by Lord Addison. When, on receipt of information from another Commonwealth Government, they offered no comment, neither acceptance nor rejection of the points made in the communication was implied by the absence of comment. In such a case the position was merely that the Canadian Government had been informed. He suggested that it was necessary carefully to distinguish the two processes, first, of informing and, secondly, of consulting other Governments. Consultation placed an immediate responsibility on the Government consulted. But be observed that, in the case of messages addressed by the United Kingdom Government to all four Dominion Governments, it was not the invariable practice of the Canadian Government to send a reply even when comments were invited, since it often was apparent that the subject was of concern to others of the Dominion Governments addressed rather than to the Canadian Government.

Mr. Mackenzie King considered that the system of exchange of communications between Governments, supplemented by the contacts maintained by High Commissioners, was now of great efficiency. He had been a strong advocate of the method of consultation by written messages. This enabled the Minister concerned in each country to discuss the subject with his Government colleagues. Under the present system, therefore, there was, in effect, a continuous conference of the Cabinets of the Commonwealth capable of dealing with all questions by Governmental decisions. As he had explained, he hesitated to express opinions at Commonwealth meetings such as the present, because he could not consult his colleagues. It was, moreover, valuable to have the written record of the views expressed on each side which resulted from an exchange of messages. By this means, also, all British Commonwealth Governments could be kept informed; for where the subject of a communication was of interest to more than one Commonwealth Government, the Canadian Government usually communicated their reply to all the Governments concerned.

DR. EVATT doubted whether the summary of points made by the 1930 Imperial Conference now entirely covered the ground. He gave as an instance the development of Dominion responsibilities in international affairs. Far Eastern affairs were of vital concern to Australia, and the Australian Government wished to have immediate information of developments. As regards the general arrangements for consultation, during the war there had been occasions when, under the stress of circumstances, decisions of great importance to Dominion Governments had been taken without any consultation with them, but that was not the case now. As to the principles, he considered that the proposed communiqué to be issued after the meeting summed up the position well. The alternative to the present system would be the establishment of some centralised machinery, but such a step might impose a strain on inter-governmental relations. It would lead to a very difficult situation if relations between British Commonwealth Governments became a matter of party politics in any country of the

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C224218

Commonwealth and he hoped that this situation would not arise. He thought that Lord Addison and his Department were to be complimented on their work; Dominion Governments were, he was sure, most grateful to them.

MR. NASH said that he endorsed the views expressed by Mr. Mackenzie King. He considered that the system worked very well in general, but he would like to make four points. First, he suggested that sometimes information might be supplied to Dominion Governments earlier. Secondly, he thought that there could usefully be an extension of the practice of repetition to other Commonwealth Governments of the messages addressed by one Dominion Government to another or to the United Kingdom Government. Thirdly, there might be scope for Dominion Governments on their side to improve their own arrangements for consultation with other Commonwealth Governments, and he referred to the negotiation of the Australia–New Zealand Agreement of 1943 as a case in point. In such cases Dominion Governments should, he suggested, see that other members of the Commonwealth were informed of the progress of events. Finally, he suggested that Dominion Governments might supply to the United Kingdom Government information received from their representatives in foreign capitals.

MR. ATTLEE said that reports of this kind received from Dominion Governments during the war had often been found most useful.

FIELD-MARSHAL SMUTS said that in his view the present system worked admirably. He did not see how it could be improved at present. Indeed Dominion Governments were kept so fully informed by the United Kingdom Government that it was sometimes difficult to absorb the information. He distinguished between the classes of messages. Telegrams imparting information were of great value as a background for Commonwealth co-operation; these did not necessarily call for acknowledgment. Another class required a response from Dominion Governments. The South African Government endeavoured to reply promptly and dealt in complete frankness with the other members of the Commonwealth. In addition to the telegrams exchanged between Governments, each Government was in constant touch with its High Commissioner, who supplied valuable supplementary information. This representation should, he suggested, be extended between all the Governments of the Commonwealth. When they all had High Commissioners in the capitals of the other members of the Commonwealth, then he thought that the present machinery for consultation could not be further improved.

Field-Marshal Smuts said that it was recognised that, during the war, certain decisions had had to be treated with special secrecy. Certainly, since the end of the war, the fullest information had been supplied in a most efficient manner, and he expressed his gratitude to Lord Addison and the Dominions Office.

He thought that few people realised how constant and close was the contact at present maintained between Commonwealth Governments and he suggested that it would be very useful if Mr. Attlee or Lord Addison could make a public statement on the subject, possibly in connection with the discussion at that meeting.

MR. ATTLEE and LORD ADDISON said that they would certainly consider this suggestion.

Nationality of Married Women.

(Previous Reference: P.M.M. (46) 17th Meeting, Item 1.)

3. LORD ADDISON said that in accordance with the decision taken at the 17th Meeting, draft terms of reference for the meeting of experts had been prepared at a meeting of officials.

There was general agreement with the substance of this draft. The precise wording should be settled between officials. It was agreed that the meeting of experts should be convened as soon as possible.

Final Communiqué.

4. The Meeting had before them a draft of a final communiqué circulated by Lord Addison (P.M.M. (46) 34) and amendments to the draft suggested by Mr. Mackenzie King and Dr. Evatt (P.M.M. (46) 36 and 35). The text of the communiqué as finally agreed is annexed to these Minutes.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

Field-Marshal Smuts.

5. MR. ATTLEE, speaking with the warm approval of all present at the meeting, called attention to the fact that the following day was the 76th birthday of Field-Marshal Smuts. He was sure that he spoke on behalf of all present in conveying to Field-Marshal Smuts his congratulations and best wishes for long life and happiness. It was an honour to have among them one who was, without doubt, the doyen among the statesmen of the world.

FIELD-MARSHAL SMUTS expressed his thanks to the Meeting. He was much touched by this expression of their good wishes and regard.

Mr. Attlee and Lord Addison.

6. MR. MACKENZIE KING and the other Dominion Ministers expressed to Mr. Attlee their deep gratitude for the time and patience he had devoted to the meetings, which they well knew must have been an exacting call on him among his many preoccupations. They much appreciated his sympathetic understanding of the points of view of Dominion Governments. They were most grateful also to Lord Addison for his indefatigable efforts and help. They expressed appreciation to the officials concerned for the arrangements; these had been most satisfactory. Finally, they were grateful to His Majesty's Government for their generous hospitality and the facilities afforded to them.

MR. ATTLEE, in reply, said that it had been a great pleasure, and he was sure a great advantage, to have an opportunity of supplementing the official communications between Governments by the personal contacts established at these meetings.

Cabinet Office, S.W. 1,
23*rd May*, 1946.

ANNEX.

TEXT OF FINAL COMMUNIQUÉ ISSUED TO THE PRESS ON 23RD MAY, 1946.

In the course of the last five weeks the Prime Minister of the United Kingdom, the Right Honourable C. R. Attlee, and several of his Cabinet colleagues, the Prime Minister of Canada, the Right Honourable W. L. Mackenzie King, the Prime Minister of Australia, the Right Honourable J. B. Chifley, and the Australian Minister of External Affairs, the Right Honourable H. V. Evatt, the Deputy Prime Minister of New Zealand, the Right Honourable W. Nash, and the Prime Minister of South Africa, Field-Marshal the Right Honourable J. C. Smuts, have engaged in informal consultations on a number of questions arising in connection with the post-war settlements.

The representatives of Canada, Australia, New Zealand and South Africa desire to place on record their sincere thanks to the Prime Minister of the United Kingdom for presiding over the meetings and for his constant and valuable help.

The discussions have been in the nature of an informal exchange of views. They have covered a broad field and have contributed greatly to the elucidation of many problems and to a mutual understanding of the issues involved. Among the subjects on which views were exchanged were the draft Peace Treaties with Italy, Roumania, Bulgaria, Hungary and Finland; the future of Germany; security responsibilities and arrangements for liaison between British Commonwealth Governments on military affairs; and economic and welfare co-operation in the South Pacific and South-East Asia. The opportunity was taken for consultations on other current issues and matters of mutual interest, including separate consultations between individual United Kingdom and Dominion Ministers on questions specially affecting one or two countries only.

At the conclusion of the meetings, the assembled representatives of the United Kingdom, Canada, Australia, New Zealand and South Africa place on record their appreciation of the value of this series of consultations, which exemplifies the system of free discussion and exchange of views that characterises the relations of the countries of the British Commonwealth. The existing methods of consultation have proved their worth. They include a continuous exchange of information and comment between the different members of the Commonwealth. They are flexible

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C224220

and can be used to meet a variety of situations and needs, both those where the responsibility is on one member alone and where the responsibility may have to be shared. They are peculiarly appropriate to the character of the British Commonwealth, with its independent members who have shown by their sacrifices in the common cause their devotion to kindred ideals and their community of outlook. While all are willing to consider and adopt practical proposals for developing the existing system, it is agreed that the methods now practised are preferable to any rigid centralised machinery. In their view such centralised machinery would not facilitate, and might even hamper, the combination of autonomy and unity which is characteristic of the British Commonwealth and is one of their great achievements.

They reaffirm their belief in the efficacy of free and constant consultation and co-operation, not only within the British Commonwealth but also in the wider international sphere. They are determined to do everything in their power to maintain in time of peace the historic co-operation achieved by the Allies in time of war. They look forward to the steady development throughout the whole world of closer international co-operation based on increasing mutual confidence and devoted to the raising of standards of living and the promotion of democratic liberty. Their Governments and peoples are determined to give the fullest support to the United Nations Organisation, not only as a foundation of peace and security, but also as a means for promoting economic progress and social welfare.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C224220

and can be used to meet a variety of situations and needs, both those where the responsibility is on one member alone and where the responsibility may have to be shared. They are peculiarly appropriate to the character of the British Commonwealth, with its independent members who have shown by their sacrifices in the common cause their devotion to kindred ideals and their community of outlook. While all are willing to consider and adopt practical proposals for developing the existing system, it is agreed that the methods now practised are preferable to any rigid centralised machinery. In their view such centralised machinery would not facilitate, and might even hamper, the combination of autonomy and unity which is characteristic of the British Commonwealth and is one of their great achievements.

They reaffirm their belief in the efficacy of free and constant consultation and co-operation, not only within the British Commonwealth but also in the wider international sphere. They are determined to do everything in their power to maintain in time of peace the historic co-operation achieved by the Allies in time of war. They look forward to the steady development throughout the whole world of closer international co-operation based on increasing mutual confidence and devoted to the raising of standards of living and the promotion of democratic liberty. Their Governments and peoples are determined to give the fullest support to the United Nations Organisation, not only as a foundation of peace and security, but also as a means for promoting economic progress and social welfare.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

The circulation of this paper has been strictly limited.
It is issued for the personal use of Rt. Hon. Mackenzie King 58

TOP SECRET C224221 Copy No.....

P.M.M.(46) 19th Meeting

MEETING OF PRIME MINISTERS

MINUTES of the Nineteenth Meeting held in the Prime Minister's Room, House of Commons, S.W.1, on THURSDAY, 23RD MAY, 1946, at 4.30 p.m.

P R E S E N T:

The Rt. Hon. C.R. Attlee, M.P.,
Prime Minister of the United Kingdom
(In the Chair)

United Kingdom

The Rt. Hon. Herbert Morrison, M.P., Lord President of the Council

The Rt. Hon. Viscount Addison, Secretary of State for Dominion Affairs

The Rt. Hon. G.H. Hall, M.P., Secretary of State for the Colonies

Mr. Hector McNeil, M.P., Parliamentary Under-Secretary of State for Foreign Affairs

Mr. H.A. Marquand, M.P., Secretary for Overseas Trade

Mr. Arthur Henderson, K.C., M.P., Parliamentary Under-Secretary of State for India

Sir Eric Machtig, Permanent Under-Secretary of State for Dominion Affairs

Sir Percivale Liesching, Board of Trade

Canada

The Rt. Hon. W.L. Mackenzie King, Prime Minister of Canada

Mr. N.A. Robertson, Under-Secretary for External Affairs

The Rt. Hon. Vincent Massey, High Commissioner for Canada

Mr. J.W. Pickersgill, Private Secretary to Prime Minister

Mr. T.W. Holmes, Office of the High Commissioner for Canada

Australia

The Rt. Hon. H.V. Evatt, Minister of External Affairs

The Rt. Hon. J.A. Beasley, High Commissioner for Australia

Mr. J.D.L. Hood, External Affairs Liaison Officer in London

Dr. J.W. Burton, Department of External Affairs

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

New Zealand

The Rt. Hon. W. Nash,
Deputy Prime Minister of
New Zealand

Mr. F. Shanahan,
Secretary of Cabinet

Mr. F.H. Corner,
Department of External Affairs

South Africa

Field Marshal The Rt. Hon. J.C. Smuts,
Prime Minister of South Africa

Mr. G. Heaton Nicholls,
High Commissioner for South Africa

Mr. D.D. Forsyth,
Secretary for External Affairs

Mr. D.B. Sole,
Office of the High Commissioner
for South Africa

SECRETARIAT:

Sir Norman Brook
Sir John Stephenson
Mr. C.G. Eastwood
Mr. F.E. Cumming-Bruce

CONTENTS

Item	Subject	Page
1	COMMERCIAL POLICY	1
2	ARRANGEMENTS FOR CONSULTATION BETWEEN GOVERNMENTS	5
3	NATIONALITY OF MARRIED WOMEN	8
4	FINAL COMMUNIQUE	9
5	FIELD MARSHAL SMUTS	9
6	MR. ATTLEE AND LORD ADDISON	9

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

COMMERCIAL POLICY

1. The Meeting had before them a paper on the arrangements for inter-governmental discussions on commercial policy (P.M.M.(46) 29) and the text of recent correspondence between British Commonwealth Governments on the subject (P.M.M.(46) 33).

FIELD MARSHAL SMUTS said that it would be of assistance to obtain some preliminary indication of the policies of British Commonwealth Governments in relation to imperial preference. The question affected all parts of the Commonwealth. There was a widespread impression, especially, but not only, in the United States, that, when the Loan Agreement had been passed by Congress, there would be an obligation to modify the system of imperial preference. He recognised that this had never been the intention. Article VII of the Mutual Aid Agreement made it clear that reduction of preferences would be related to reductions of tariffs. But public opinion had not grasped the point.

MR. ATTLEE said that the United Kingdom Government had taken the line that, while they were in favour of the freest commercial interchange and the reduction of tariffs, concessions must be reciprocal. They could not accept the view that the British Empire must be put in the dock on account of imperial preference. The United States tariff was a very high tariff and it was not for her to point the finger of scorn.

LORD ADDISON referred to the statement made by Mr. Attlee in the House of Commons on 6th September, 1945, which had included the passage:- "There is thus no question of any unilateral surrender of preferences. There must be adequate compensation for all parties affected". This view had been repeated on several occasions. The United States were inclined to represent themselves as apostles of free trade: but the United States tariff itself represented a very great obstruction of trade.

MR. NASH said that the New Zealand Government had always taken the view that the terms of the Lend-Lease Agreement would cause difficulties in this connection. They had made strong representations in this sense before signature of the Agreement.

DR. EVATT took a different view. He did not think that the Lend-Lease Agreement was subject to the interpretation to which Mr. Nash referred. He added that the United States Government themselves intended to maintain a system of preferences with the Philippines for a period of years, even after they became independent. In his experience it was recognised in both official and commercial circles in the United States that reductions in imperial preference must be related to United States tariff concessions.

The United States proposals on commercial policy, put forward last year, were part and parcel of the loan negotiations. The United States had used "pressure tactics" and, in particular, the question of financial aid to force conditions on the preference issue. The Australian view had then been, and still was, that they were "prepared to join in commercial policy negotiations only on the basis of making concessions in return for equivalent reciprocal concessions on the part of other countries."

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

In November of last year they had informed the United Kingdom Government that they could not agree to the United States proposals, and did not wish to associate themselves with them when they were announced. The Australian Government had at that time made the following statement:- "We desire complete freedom of action in relation to the formula and all other proposals in the document. Indeed, we feel that all countries should be in a position to approach both negotiations and the conferences with full freedom to discuss and finally resolve all sections of the proposals on mutually advantageous lines".

In a public statement issued on 7th December of last year, Mr. Chifley had said that the Australian Government would "enter the proposed negotiations and take part in the discussions without any prior commitment or implied obligation to make any specific concessions in respect of tariffs or Empire preferences". Any proposals in these fields would be "dealt with on their merits and any concessions agreed to must be counter-balanced by fully equivalent concessions which will enlarge the market opportunities for Australia's exports, both primary and secondary".

He wished to reiterate the views of the Australian Government. They had repeatedly maintained the necessity for a high level of employment and a high purchasing power. They had regarded the removal of trade barriers as ancillary to the task of maintaining the highest possible degree of employment. It was that view which prevailed at San Francisco, and led to the inclusion of an undertaking to pursue full employment as a main objective. It was their insistence on this point of view, now widely accepted in both government and academic fields, that had led to the decision to call a conference on trade and employment.

Having got so far, they would not allow the United States Government to push into the background their obligation in the Charter, and their decision to consider employment along with tariff negotiations. When imperial preference was attacked, we should remember that it was introduced after and not before the Hawley - Smoot tariff of 1930. As in the case of bases, there could be no concessions unless there were reciprocal obligations. Unless the United States was willing, not only to make very great concessions - and Australia's trade negotiations with her had led them to doubt whether she would do so - but also to fulfil her obligation to maintain high levels of employment, Australia could not afford to make any concessions. Her demands for imports were growing all the time because of the great demand caused by her high level of employment. These demands could only be met by sales overseas. If she was forced into the choice of reducing employment levels or placing restrictions on imports, she must adopt the latter.

The Australian Government considered that in the United States a wrong interpretation was being placed on Article VII of the Mutual Aid Agreement. On the one hand the United States Government had shown no positive intention to reduce tariffs: on the other hand they proposed to maintain a preferential system with the Philippines. In entering the commercial policy negotiations the Australian Government would not regard themselves as bound by any commitment. They could not contemplate modifying imperial preference without reciprocal concessions.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

MR. MACKENZIE KING said that the Canadian Government would not consider themselves bound by any commitment in entering upon the negotiations. They would welcome any progress towards increased freedom of trade, but considered that changes in preferences must depend on changes in tariffs.

MR. NASH said that the New Zealand Government was not opposed in principle to reduction of tariffs and preferences, but they could not agree to any prior commitment to abolish preferences, to which they attached the highest importance. A reduction of United States tariffs was essential. He observed that in the case of New Zealand the arrangements for licensing imports on a quota basis were a more important means of control of trade than tariffs. He granted that they were highly discriminatory, but the New Zealand Government regarded the system as of great value. This aspect required careful consideration. He added that such modifications would be made as might be required to fulfil international commitments, e.g. under the Bretton Woods Agreements. If substantial United States tariff reductions were obtained, they might be prepared to relax the present quota restrictions. He did not, however, consider that control by quota must necessarily restrict the expansion of international trade.

MR. MARQUAND said that the United Kingdom Government would enter the negotiations with the hope that a world trade agreement would result from them. The issue largely depended on the extent of the tariff concessions which the United States were prepared to make. In this connection he suggested that it was important that Commonwealth Governments should do nothing which might have the effect of discouraging the United States Government in advance of the discussions.

SIR PERCIVALE LIESCHING said that at the time of the negotiations of the Mutual Aid Agreement the dangers of misconstruction of Article VII had been fully appreciated and the United Kingdom Government might not have signed it if it had not been for the explicit understandings recorded in the accompanying exchange of letters. It was clearly recognised that there must be concessions on both sides, and he observed that the terms of Mr. Attlee's statement of the 6th December had been agreed with the United States Government. In the recent Washington conversations the United Kingdom Delegation had taken a very firm stand, and he was fully satisfied as to the strength of the bargaining position of British Commonwealth Governments, provided that no Government adopted the position that no reduction in imperial preference could be considered. As regards the United States arrangements with the Philippines, he suggested that it would not be wise to press analogies between these and imperial preference too far, for the Philippines arrangements contemplated the automatic abolition of preferences in twenty years' time.

MR. MACKENZIE KING said that the understanding of the Canadian Government and their general attitude was the same as that of the United Kingdom Government as stated by Sir Percivale Liesching.

FIELD MARSHAL SMUTS said that he was satisfied with Sir Percivale Liesching's statement of the position.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

Summing up, MR. ATTLEE said that there appeared to be a wide measure of agreement between British Commonwealth Governments on the general lines of approach to the problem.

The Meeting then turned to consider the timetable for the forthcoming inter-governmental discussions on commercial policy.

MR. MORRISON said that the international discussions now proposed would fall into three stages:-

(i) a meeting of the Preparatory Committee of the Economic and Social Council to elaborate an annotated draft agenda for the eventual United Nations Conference;

(ii) a meeting of "Drafting Countries" to be convened by the United States Government to negotiate on the basis of the "Proposals on Trade and Employment" which had been published at the time of the Loan Agreement last December (Cmd. 6709). This meeting would include detailed negotiations on tariffs and preferences;

(iii) a full international conference to be called by the United Nations.

After consultations between the United States, the United Kingdom and Dominion Governments, it had now been agreed that the Preparatory Committee should meet on 15th October, probably in London or Geneva. The meeting of the Drafting Countries would take place in March. No date had yet been fixed for the United Nations Conference.

The question now arose what separate discussions were required between Commonwealth countries. Telegrams had passed between the various countries on this subject and there was general agreement that discussions would be necessary before the Drafting Countries met in March when detailed bargaining on tariffs and preferences would occur as well as discussions on non-tariff matters. It had also been proposed that there might be a preliminary exchange of views before the October meeting, to cover such questions as the use of import quotas, subsidies, state trading, cartels and full employment. There seemed, however, to be some doubt as to the necessity for these discussions and some difficulty in fixing a date for them.

MR. MACKENZIE KING said that the number of international conferences made very heavy demands on the time of Ministers and officials. He doubted whether a special meeting would be necessary before the Preparatory Committee met in October, unless it were for a few days immediately before that meeting. The peculiar Commonwealth interest in the general commercial policy proposals lay in the special relationship between preferences and tariff reductions and this question would not be considered by the Preparatory Committee. There could be no doubt that the officials of Commonwealth countries, who had been associated with the earlier stages of the

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

commercial discussions, would continue to work closely together within the Preparatory Committee. He thought it would probably be a mistake to try to formulate a specifically Commonwealth approach to the various questions of general commercial policy which would then be considered.

As regards discussions before the meeting of the Drafting Countries, he thought that these should immediately precede the meeting. They would indeed naturally merge into them, for discussions between Commonwealth countries about the modifications of preferences to which they could consent could hardly proceed very far until they knew fairly precisely what reductions the other parties to the negotiations would be ready to offer, and these offers would only be developed in the course of the actual negotiations between the Drafting Countries. He suggested, therefore, that the discussions between Commonwealth countries should start not more than three weeks before the meeting of the Drafting Countries.

DR. EVATT thought that discussions prior to the meeting of the Preparatory Committee would be worth while. He suggested that discussions between officials a fortnight or so before the meeting of the Preparatory Committee would suffice. It would probably be well not to give any undue publicity to these preliminary discussions.

MR. NASH said that he would have preferred that the discussions should take place in July as New Zealand officials would be in this country at that time and he would also be here himself. He thought it would be very useful to have preliminary talks on such matters as state trading, bulk purchase and subsidies which, to New Zealand at any rate, were quite as important as tariffs. He was also anxious to give public indication in New Zealand that the principle of imperial preference was not in doubt.

FIELD MARSHAL SMUTS said that it would be difficult for South Africa to make officials available in July in addition to October. He was, therefore, in favour of a preliminary discussion before the October meeting.

LORD ADDISON suggested that it would be possible for United Kingdom representatives to have useful talks during July with Mr. Nash and New Zealand officials, with the participation of the High Commissioners for the other Dominions and such officials as happened to be in this country at that time.

After further discussion it was agreed that this would be the best course to follow and that arrangements should be set in train accordingly.

ARRANGEMENTS FOR CONSULTATION BETWEEN GOVERNMENTS

2. LORD ADDISON said that he would like to discover from Dominion Ministers whether they had any suggestions to make to improve the present arrangements for consultation between Commonwealth Governments. The arrangements in practice were founded on the resolutions of the Imperial Conferences of 1926 and 1930. The Conference of 1930 had summarised the main points of the system of

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

communication and consultation in relation to foreign affairs as follows:-

"(1) Any of His Majesty's Governments conducting negotiations should inform the other Governments of His Majesty in case they should be interested and give them the opportunity of expressing their views, if they think that their interests may be affected.

(2) Any of His Majesty's Governments on receiving such information should, if it desires to express any views, do so with reasonable promptitude.

(3) None of His Majesty's Governments can take any steps which might involve the other Governments of His Majesty in any active obligations without their definite assent."

In commenting on (1), the Conference had said:-

"The application of this is not confined to treaty negotiations. It cannot be doubted that the fullest possible interchange of information between His Majesty's Governments in relation to all aspects of foreign affairs is of the greatest value to all the Governments concerned."

Lord Addison said that a very large number of telegrams and despatches were now sent by the United Kingdom Government to Dominion Governments to keep them informed of developments in world affairs. In many cases, the messages were confined to factual information. Others also gave the views or comments of the United Kingdom Government. In such cases the United Kingdom Government proceeded on the assumption that, if a Dominion Government wished to offer any comments of its own, it would not hesitate to do so. When no comment was made by a Government, they assumed that it did not wish to express any views on the subject.

Lord Addison said that in his opinion the system worked very well. But he would welcome their comments or suggestions for improvement of it.

MR. MACKENZIE KING said that he thought that the system worked excellently. The Dominions Office kept Dominion Governments very fully informed, and the arrangements had worked with remarkable efficiency both during and since the war. The Canadian Government agreed with the statement of principles mentioned by Lord Addison. When, on receipt of information from another Commonwealth Government, they offered no comment, neither acceptance nor rejection of the points made in the communication was implied by the absence of comment. In such a case the position was merely that the Canadian Government had been informed. He suggested that it was necessary carefully to distinguish the two processes, first, of informing and, secondly, of consulting other Governments. Consultation placed an immediate responsibility on the Government consulted. But he observed that, in the case of messages addressed by the United Kingdom Government to all four Dominion Governments, it was not the invariable

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

practice of the Canadian Government to send a reply even when comments were invited, since it often was apparent that the subject was of concern to others of the Dominion Governments addressed rather than to the Canadian Government.

Mr. Mackenzie King considered that the system of exchange of communications between Governments, supplemented by the contacts maintained by High Commissioners, was now of great efficiency. He had been a strong advocate of the method of consultation by written messages. This enabled the Minister concerned in each country to discuss the subject with his Government colleagues. Under the present system, therefore, there was, in effect, a continuous conference of the Cabinets of the Commonwealth capable of dealing with all questions by Governmental decisions. As he had explained, he hesitated to express opinions at Commonwealth meetings such as the present, because he could not consult his colleagues. It was, moreover, valuable to have the written record of the views expressed on each side which resulted from an exchange of messages. By this means, also, all British Commonwealth Governments could be kept informed; for where the subject of a communication was of interest to more than one Commonwealth Government, the Canadian Government usually communicated their reply to all the Governments concerned.

DR. EVATT doubted whether the summary of points made by the 1930 Imperial Conference now entirely covered the ground. He gave as an instance the development of Dominion responsibilities in international affairs. Far Eastern affairs were of vital concern to Australia, and the Australian Government wished to have immediate information of developments. As regards the general arrangements for consultation, during the war there had been occasions when, under the stress of circumstances, decisions of great importance to Dominion Governments had been taken without any consultation with them, but that was not the case now. As to the principles, he considered that the proposed communiqué to be issued after the meeting summed up the position well. The alternative to the present system would be the establishment of some centralised machinery, but such a step might impose a strain on inter-Governmental relations. It would lead to a very difficult situation if relations between British Commonwealth Governments became a matter of party politics in any country of the Commonwealth and he hoped that this situation would not arise. He thought that Lord Addison and his Department were to be complimented on their work; Dominion Governmentswere, he was sure, most grateful to them.

MR. NASH said that he endorsed the views expressed by Mr. Mackenzie King. He considered that the system worked very well in general, but he would like to make four points. First, he suggested that sometimes information might be supplied to Dominion Governments earlier. Secondly, he thought that there could usefully be an extension of the practice of repetition to other Commonwealth Governments of the messages addressed by one Dominion Government to another or to the United Kingdom Government. Thirdly, there might be scope for Dominion Governments on their side to improve their own arrangements for consultation with other Commonwealth Governments,

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

and he referred to the negotiation of the Australia-New Zealand Agreement of 1943 as a case in point. In such cases Dominion Governments should, he suggested, see that other members of the Commonwealth were informed of the progress of events. Finally, he suggested that Dominion Governments might supply to the United Kingdom Government information received from their representatives in foreign capitals.

MR. ATTLEE said that reports of this kind received from Dominion Governments during the war had often been found most useful.

FIELD MARSHAL SMUTS said that in his view the present system worked admirably. He did not see how it could be improved at present. Indeed Dominion Governments were kept so fully informed by the United Kingdom Government that it was sometimes difficult to absorb the information. He distinguished between the classes of messages. Telegrams imparting information were of great value as a background for Commonwealth co-operation; these did not necessarily call for acknowledgment. Another class required a response from Dominion Governments. The South African Government endeavoured to reply promptly and dealt in complete frankness with the other members of the Commonwealth. In addition to the telegrams exchanged between Governments, each Government was in constant touch with its High Commissioner who supplied valuable supplementary information. This representation should, he suggested, be extended between all the Governments of the Commonwealth. When they all had High Commissioners in the capitals of the other members of the Commonwealth, then he thought that the present machinery for consultation could not be further improved.

Field Marshal Smuts said that it was recognised that, during the war, certain decisions had had to be treated with special secrecy. Certainly, since the end of the war, the fullest information had been supplied in a most efficient manner, and he expressed his gratitude to Lord Addison and the Dominions Office.

He thought that few people realised how constant and close was the contact at present maintained between Commonwealth Governments and he suggested that it would be very useful if Mr. Attlee or Lord Addison could make a public statement on the subject, possibly in connection with the discussion at that meeting.

MR. ATTLEE and LORD ADDISON said that they would certainly consider this suggestion.

NATIONALITY OF MARRIED WOMEN

(Previous Reference: P.M.M.(46) 17th Meeting, Item 1)

3. LORD ADDISON said that in accordance with the decision taken at the 17th Meeting, draft terms of reference for the meeting of experts had been prepared at a meeting of officials.

There was general agreement with the substance of this draft. The precise wording should be settled between officials. It was agreed that the meeting of experts should be convened as soon as possible.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

FINAL COMMUNIQUÉ

4. The Meeting had before them a draft of a final communiqué circulated by Lord Addison (P.M.M.(46) 34) and amendments to the draft suggested by Mr. Mackenzie King and Dr. Evatt (P.M.M.(46) 36 and 35). The text of the communiqué as finally agreed is annexed to these Minutes.

FIELD MARSHAL SMUTS

5. MR. ATTLEE, speaking with the warm approval of all present at the meeting, called attention to the fact that the following day was the 76th birthday of Field Marshal Smuts. He was sure that he spoke on behalf of all present in conveying to Field Marshal Smuts his congratulations and best wishes for long life and happiness. It was an honour to have among them one who was, without doubt, the doyen among the statesmen of the world.

FIELD MARSHAL SMUTS expressed his thanks to the Meeting. He was much touched by this expression of their good wishes and regard.

MR. ATTLEE AND LORD ADDISON

6. MR. MACKENZIE KING and the other Dominion Ministers expressed to Mr. Attlee their deep gratitude for the time and patience he had devoted to the meetings, which they well knew must have been an exacting call on him among his many preoccupations. They much appreciated his sympathetic understanding of the points of view of Dominion Governments. They were most grateful also to Lord Addison for his indefatigable efforts and help. They expressed appreciation to the officials concerned for the arrangements which had been most satisfactory. Finally, they were grateful to His Majesty's Government for their generous hospitality and the facilities afforded to them.

MR. ATTLEE, in reply, said that it had been a great pleasure, and he was sure a great advantage, to have an opportunity of supplementing the official communications between Governments by the personal contacts established at these meetings.

Cabinet Office, S.W.1.

23RD MAY, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

ANNEX

TEXT OF FINAL COMMUNIQUÉ
ISSUED TO THE PRESS ON 23RD MAY, 1946

In the course of the last five weeks the Prime Minister of the United Kingdom, The Right Honourable C.R. Attlee, and several of his Cabinet colleagues, the Prime Minister of Canada, the Right Honourable W.L. Mackenzie King, the Prime Minister of Australia, the Right Honourable J.B. Chifley, and the Australian Minister of External Affairs, the Right Honourable H.V. Evatt, the Deputy Prime Minister of New Zealand, the Right Honourable W. Nash, and the Prime Minister of South Africa, Field Marshal the Right Honourable J.C. Smuts, have engaged in informal consultations on a number of questions arising in connection with the post-war settlements.

The representatives of Canada, Australia, New Zealand and South Africa desire to place on record their sincere thanks to the Prime Minister of the United Kingdom for presiding over the meetings and for his constant and valuable help.

The discussions have been in the nature of an informal exchange of views. They have covered a broad field and have contributed greatly to the elucidation of many problems and to a mutual understanding of the issues involved. Among the subjects on which views were exchanged were the draft peace treaties with Italy, Roumania, Bulgaria, Hungary and Finland; the future of Germany; security responsibilities and arrangements for liaison between British Commonwealth Governments on military affairs; and economic and welfare co-operation in the South Pacific and South-East Asia. The opportunity was taken for consultations on other current issues and matters of mutual interest, including separate consultations between individual United Kingdom and Dominion Ministers on questions specially affecting one or two countries only.

At the conclusion of the meetings, the assembled representatives of the United Kingdom, Canada, Australia, New Zealand and South Africa, place on record their appreciation of the value of this series of consultations, which exemplifies the system of free discussion and exchange of views that characterises the relations of the countries of the British Commonwealth. The existing methods of consultation have proved their worth. They include a continuous exchange of information and comment between the different members of the Commonwealth. They are flexible and can be used to meet a variety of situations and needs, both those where the responsibility is on one member alone and where the responsibility may have to be shared. They are peculiarly appropriate to the character of the British Commonwealth, with its independent members who have shown by their sacrifices in the common cause their devotion to kindred ideals and their community of outlook. While all are willing to consider and adopt practical proposals for developing the existing system, it is agreed that the methods now practised are preferable to any rigid centralised

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

machinery. In their view such centralised machinery would not facilitate, and might even hamper, the combination of autonomy and unity which is characteristic of the British Commonwealth and is one of their great achievements.

The reaffirm their belief in the efficacy of free and constant consultation and co-operation, not only within the British Commonwealth but also in the wider international sphere. They are determined to do everything in their power to maintain in time of peace the historic co-operation achieved by the Allies in time of war. They look forward to the steady development throughout the whole world of closer international co-operation based on increasing mutual confidence and devoted to the raising of standards of living and the promotion of democratic liberty. Their Governments and peoples are determined to give the fullest support to the United Nations Organisation, not only as a foundation of peace and security, but also as a means for promoting economic progress and social welfare.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

C224234

The circulation of this paper has been strictly limited. It is issued for the personal use of Mr. Mackenzie King (dup.)

TOP SECRET. Copy No. 77

P.M.M. (46) 19th Meeting.

MEETING OF PRIME MINISTERS.

MINUTES of the Nineteenth Meeting held in the Prime Minister's Room, House of Commons, S.W. 1, *on Thursday,* 23*rd May,* 1946, *at* 4·30.*p.m.*

Present:

The Right Hon. C. R. ATTLEE, M.P., Prime Minister of the United Kingdom (*in the Chair*).

United Kingdom.

The Right Hon. HERBERT MORRISON, M.P., Lord President of the Council.
The Right Hon. VISCOUNT ADDISON, Secretary of State for Dominion Affairs.
The Right Hon. G. H. HALL, M.P., Secretary of State for the Colonies.
Mr. HECTOR MCNEIL, M.P., Parliamentary Under-Secretary of State for Foreign Affairs.
Mr. H. A. MARQUAND, M.P., Secretary for Overseas Trade.
Mr. ARTHUR HENDERSON, K.C., M.P., Parliamentary Under-Secretary of State for India.
Sir ERIC MACHTIG, Permanent Under-Secretary of State for Dominion Affairs.
Sir PERCIVALE LIESCHING, Board of Trade.

Canada.

The Right Hon. W. L. MACKENZIE KING, Prime Minister of Canada.
Mr. N. A. ROBERTSON, Under-Secretary for External Affairs.
Mr. J. W. PICKERSGILL, Private Secretary to Prime Minister.
Mr. J. W. HOLMES, Office of the High Commissioner for Canada.

Australia.

The Right Hon. H. V. EVATT, Minister of External Affairs.
The Right Hon. J. A. BEASLEY, High Commissioner for Australia.
Mr. J. D. L. HOOD, External Affairs Liaison Officer in London.
Dr. J. W. BURTON, Department of External Affairs.

New Zealand.

The Right Hon. W. NASH, Deputy Prime Minister of New Zealand.
Mr. F. SHANAHAN, Secretary of Cabinet.
Mr. F. H. CORNER, Department of External Affairs.

South Africa.

Field-Marshal The Right Hon. J. C. SMUTS, Prime Minister of South Africa.
Mr. G. HEATON NICHOLLS, High Commissioner for South Africa.
Mr. D. D. FORSYTH, Secretary for External Affairs.
Mr. R. JONES, Office of the High Commissioner for South Africa.

Secretariat.

Sir NORMAN BROOK.
Sir JOHN STEPHENSON.
Mr. C. G. EASTWOOD.
The Hon. F. E. CUMMING-BRUCE.

[31898—5]

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

CONTENTS.

1. Commercial Policy.
2. Arrangements for Consultation between Governments.
3. Nationality of Married Women.
4. Final Communiqué.
5. Field-Marshal Smuts.
6. Mr. Attlee and Lord Addison.

Commercial Policy.

1. The Meeting had before them a paper on the arrangements for inter-governmental discussions on commercial policy (P.M.M. (46) 29) and the text of recent correspondence between British Commonwealth Governments on the subject (P.M.M. (46) 33).

FIELD-MARSHAL SMUTS said that it would be of assistance to obtain some preliminary indication of the policies of British Commonwealth Governments in relation to imperial preference. The question affected all parts of the Commonwealth. There was a widespread impression, especially, but not only, in the United States, that, when the Loan Agreement had been passed by Congress, there would be an obligation to modify the system of imperial preference. He recognised that this had never been the intention. Article VII of the Mutual Aid Agreement made it clear that reduction of preferences would be related to reductions of tariffs. But public opinion had not grasped the point.

MR. ATTLEE said that the United Kingdom Government had taken the line that, while they were in favour of the freest commercial interchange and the reduction of tariffs, concessions must be reciprocal. They could not accept the view that the British Empire must be put in the dock on account of imperial preference. The United States tariff was a very high tariff and it was not for her to point the finger of scorn.

LORD ADDISON referred to the statement made by Mr. Attlee in the House of Commons on the 6th September, 1945, which had included the passage: "There is thus no question of any unilateral surrender of preferences. There must be adequate compensation for all parties affected." This view had been repeated on several occasions. The United States were inclined to represent themselves as apostles of free trade: but the United States tariff itself represented a very great obstruction of trade.

MR. NASH said that the New Zealand Government had always taken the view that the reference in Article VII to the elimination of all forms of discriminatory treatment in international commerce would be interpreted as imposing a commitment to abolish preferences. They had made strong representations in this sense before the signature of the Agreement.

DR. EVATT took a different view. He did not think that the Lend-Lease Agreement was subject to the interpretation to which Mr. Nash referred. He added that the United States Government themselves intended to maintain a system of preferences with the Philippines for a period of years, even after they became independent. In his experience it was recognised in both official and commercial circles in the United States that reductions in imperial preference must be related to United States tariff concessions.

The United States proposals on commercial policy, put forward last year, were part and parcel of the loan negotiations. The United States had used "pressure tactics" and, in particular, the question of financial aid to force conditions on the preference issue. The Australian view had then been, and still was, that they were "prepared to join in commercial policy negotiations only on the basis of making concessions in return for equivalent reciprocal concessions on the part of other countries."

In November of last year they had informed the United Kingdom Government that they could not agree to the United States proposals, and did not wish to associate themselves with them when they were announced. The Australian Government had, at that time, made the following statement: "We desire complete freedom of action in relation to the formula and all other proposals in the document. Indeed, we feel that all countries should be in a position to approach both negotiations and the conferences with full freedom to discuss and finally resolve all sections of the proposals on mutually advantageous lines."

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

In a public statement issued on the 7th December of last year Mr. Chifley had said that the Australian Government would "enter the proposed negotiations and take part in the discussions without any prior commitment or implied obligation to make any specific concessions in respect of tariffs or Empire preferences." Any proposals in these fields would be "dealt with on their merits and any concessions agreed to must be counter-balanced by fully equivalent concessions which will enlarge the market opportunities for Australia's exports, both primary and secondary."

He wished to reiterate the views of the Australian Government. They had repeatedly maintained the necessity for a high level of employment and a high purchasing power. They had regarded the removal of trade barriers as ancillary to the task of maintaining the highest possible degree of employment. It was that view which prevailed at San Francisco, and led to the inclusion of an undertaking to pursue full employment as a main objective. It was their insistence on this point of view, now widely accepted in both government and academic fields, that had led to the decision to call a conference on trade *and employment*.

Having got so far, they would not allow the United States Government to push into the background their obligation in the Charter, and their decision to consider employment along with tariff negotiations. When imperial preference was attacked, we should remember that it was introduced after and not before the Hawley–Smoot tariff of 1930. As in the case of bases, there could be no concessions unless there were reciprocal obligations. Unless the United States was willing, not only to make very great concessions—and Australia's trade negotiations with her had led them to doubt whether she would do so—but also to fulfil her obligation to maintain high levels of employment, Australia could not afford to make any concessions. Her demands for imports were growing all the time because of the great demand caused by her high level of employment. These demands could only be met by sales overseas. If she was forced into the choice of reducing employment levels or placing restrictions on imports, she must adopt the latter.

The Australian Government considered that in the United States a wrong interpretation was being placed on Article VII of the Mutual Aid Agreement. On the one hand, the United States Government had shown no positive intention to reduce tariffs: on the other hand, they proposed to maintain a preferential system with the Philippines. In entering the commercial policy negotiations the Australian Government would not regard themselves as bound by any commitment. They could not contemplate modifying imperial preference without reciprocal concessions.

MR. MACKENZIE KING said that the Canadian Government would not consider themselves bound by any commitment in entering upon the negotiations. They would welcome any progress towards increased freedom of trade, but considered that changes in preferences must depend on changes in tariffs.

MR. NASH said that the New Zealand Government were not opposed in principle to reduction of tariffs and preferences, but they could not agree to any prior commitment to abolish preferences as they attached the highest importance to them. A reduction of United States tariffs was essential. He observed that, in the case of New Zealand, control of exchange and arrangements for licensing imports on a quota basis were a more important means of control of trade than tariffs. He granted that the present procedure was highly discriminatory in favour of the United Kingdom, but the New Zealand Government regarded the system as of great value. He added that with regard to Bretton Woods, New Zealand's exchange control and import procedure met all the requirements for the necessary exchange to be available to meet payments for all current transactions. If substantial United States tariff reductions were obtained, New Zealand would be prepared to consider modifying its present method of issuing of import licences. He did not, however, take the view that if all available overseas exchange was used control by quota must necessarily restrict the expansion of international trade.

He summarised the policy of the New Zealand Government. As stated in their telegram No. 389 of the 18th November, 1945, to the Secretary of State for Dominion Affairs, their policy was to maintain complete control of New Zealand's external exchange; this control of exchange could not be effective without control of imports; and control of imports and effective use of exchange funds were linked up with the expansion of manufacturing facilities within

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C224237

New Zealand which they considered essential if they were to meet their commitments for full employment. They were anxious to maintain their preferences for United Kingdom imports into New Zealand and to continue to receive preferences in the United Kingdom for New Zealand's primary products. In their opinion, this policy would not prevent New Zealand negotiating for the reciprocal reduction of tariffs and for the expansion of trade by other means within and without the Commonwealth.

MR. MARQUAND said that the United Kingdom Government would enter the negotiations with the hope that a world trade agreement would result from them. The issue largely depended on the extent of the tariff concessions which the United States were prepared to make. In this connection he suggested that it was important that Commonwealth Governments should do nothing which might have the effect of discouraging the United States Government in advance of the discussions.

SIR PERCIVALE LIESCHING said that at the time of the negotiations of the Mutual Aid Agreement the dangers of misconstruction of Article VII had been fully appreciated and the United Kingdom Government might not haye signed it if it had not been for the explicit understandings recorded in the accompanying exchange of letters. It was clearly recognised that there must be concessions on both sides, and he observed that the terms of Mr. Attlee's statement of the 6th December had been agreed with the United States Government. In the recent Washington conversations the United Kingdom Delegation had taken a very firm stand, and he was fully satisfied as to the strength of the bargaining position of British Commonwealth Governments, provided that no Government adopted the position that no reduction in imperial preference could be considered. As regards the United States arrangements with the Philippines, he suggested that it would not be wise to press analogies between these and imperial preference too far, for the Philippines arrangements contemplated the automatic abolition of preferences in twenty years' time.

MR. MACKENZIE KING said that the understanding of the Canadian Government and their general attitude was the same as that of the United Kingdom Government as stated by Sir Percivale Liesching.

FIELD-MARSHAL SMUTS said that he was satisfied with Sir Percivale Liesching's statement of the position.

Summing up, MR. ATTLEE said that there appeared to be a wide measure of agreement between British Commonwealth Governments on the general lines of approach to the problem.

The Meeting then turned to consider the timetable for the forthcoming intergovernmental discussions on commercial policy.

MR. MORRISON said that the international discussions now proposed would fall into three stages :—

(i) A meeting of the Preparatory Committee of the Economic and Social Council to elaborate an annotated draft agenda for the eventual United Nations Conference.
(ii) A meeting of "Drafting Countries" to be convened by the United States Government to negotiate on the basis of the "Proposals on Trade and Employment" which had been published at the time of the Loan Agreement last December (Cmd. 6709). This meeting would include detailed negotiations on tariffs and preferences.
(iii) A full international conference to be called by the United Nations.

After consultations between the United States, the United Kingdom and Dominion Governments, it had now been agreed that the Preparatory Committee should meet on the 15th October, probably in London or Geneva. The meeting of the Drafting Countries would take place in March. No date had yet been fixed for the United Nations Conference.

The question now arose what separate discussions were required between Commonwealth countries. Telegrams had passed between the various countries on this subject and there was general agreement that discussions would be necessary before the Drafting Countries met in March, when detailed bargaining on tariffs and preferences would occur as well as discussions on non-tariff matters. It had also been proposed that there might be a preliminary exchange of views before the October meeting, to cover such questions as the use of import

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C224238

quotas, subsidies, State trading, cartels and full employment. There seemed, however, to be some doubt as to the necessity for these discussions and some difficulty in fixing a date for them.

MR. MACKENZIE KING said that the number of international conferences made very heavy demands on the time of Ministers and officials. He doubted whether a special meeting would be necessary before the Preparatory Committee met in October, unless it were for a few days immediately before that meeting. The peculiar Commonwealth interest in the general commercial policy proposals lay in the special relationship between preferences and tariff reductions and this question would not be considered by the Preparatory Committee. There could be no doubt that the officials of Commonwealth countries, who had been associated with the earlier stages of the commercial discussions, would continue to work closely together within the Preparatory Committee. He thought it would probably be a mistake to try to formulate a specifically Commonwealth approach to the various questions of general commercial policy which would then be considered.

As regards discussions before the meeting of the Drafting Countries, he thought that these should immediately precede the meeting. They would, indeed, naturally merge into them, for discussions between Commonwealth countries about the modifications of preferences to which they could consent could hardly proceed very far until they knew fairly precisely what reductions the other parties to the negotiations would be ready to offer, and these offers would only be developed in the course of the actual negotiations between the Drafting Countries. He suggested, therefore, that the discussions between Commonwealth countries should start not more than three weeks before the meeting of the Drafting Countries.

DR. EVATT thought that discussions prior to the meeting of the Preparatory Committee would be worth while. He suggested that discussions between officials a fortnight or so before the meeting of the Preparatory Committee would suffice. It would probably be well not to give any undue publicity to these preliminary discussions.

MR. NASH said that he would have preferred that the discussions should take place in July as New Zealand officials would be in this country at that time and he would also be here himself. He thought it would be very useful to have preliminary talks on such matters as State trading, bulk purchase and subsidies which, to New Zealand at any rate, were quite as important as tariffs. He was also anxious to give public indication in New Zealand that the principle of imperial preference was not in doubt.

FIELD-MARSHAL SMUTS said that it would be difficult for South Africa to make officials available in July in addition to October. He was, therefore, in favour of a preliminary discussion before the October meeting.

LORD ADDISON suggested that it would be possible for United Kingdom representatives to have useful talks during July with Mr. Nash and New Zealand officials, with the participation of the High Commissioners for the other Dominions and such officials as happened to be in this country at that time.

After further discussion it was agreed that this would be the best course to follow, and that arrangements should be set in train accordingly.

Arrangements for Consultation between Governments.

2. LORD ADDISON said that he would like to discover from Dominion Ministers whether they had any suggestions to make to improve the present arrangements for consultation between Commonwealth Governments. The arrangements in practice were founded on the resolutions of the Imperial Conferences of 1926 and 1930. The Conference of 1930 had summarised the main points of the system of communication and consultation in relation to foreign affairs as follows :—

" (1) Any of His Majesty's Governments conducting negotiations should inform the other Governments of His Majesty in case they should be interested and give them the opportunity of expressing their views if they think that their interests may be affected.

(2) Any of His Majesty's Governments on receiving such information should, if it desires to express any views, do so with reasonable promptitude.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

(3) None of His Majesty's Governments can take any steps which might involve the other Governments of His Majesty in any active obligations without their definite assent."

In commenting on (1), the Conference had said :—

"The application of this is not confined to treaty negotiations. It cannot be doubted that the fullest possible interchange of information between His Majesty's Governments in relation to all aspects of foreign affairs is of the greatest value to all the Governments concerned."

Lord Addison said that a very large number of telegrams and despatches were now sent by the United Kingdom Government to Dominion Governments to keep them informed of developments in world affairs. In many cases the messages were confined to factual information. Others also gave the views or comments of the United Kingdom Government. In such cases the United Kingdom Government proceeded on the assumption that, if a Dominion Government wished to offer any comments of its own, it would not hesitate to do so. When no comment was made by a Government, they assumed that it did not wish to express any views on the subject.

Lord Addison said that in his opinion the system worked very well. But he would welcome their comments or suggestions for improvement of it.

MR. MACKENZIE KING said that he thought that the system worked excellently. The Dominions Office kept Dominion Governments very fully informed, and the arrangements had worked with remarkable efficiency both during and since the war. The Canadian Government agreed with the statement of principles mentioned by Lord Addison. When, on receipt of information from another Commonwealth Government, they offered no comment, neither acceptance nor rejection of the points made in the communication was implied by the absence of comment. In such a case the position was merely that the Canadian Government had been informed. He suggested that it was necessary carefully to distinguish the two processes, first, of informing and, secondly, of consulting other Governments. Consultation placed an immediate responsibility on the Government consulted. But be observed that, in the case of messages addressed by the United Kingdom Government to all four Dominion Governments, it was not the invariable practice of the Canadian Government to send a reply even when comments were invited, since it often was apparent that the subject was of concern to others of the Dominion Governments addressed rather than to the Canadian Government.

Mr. Mackenzie King considered that the system of exchange of communications between Governments, supplemented by the contacts maintained by High Commissioners, was now of great efficiency. He had been a strong advocate of the method of consultation by written messages. This enabled the Minister concerned in each country to discuss the subject with his Government colleagues. Under the present system, therefore, there was, in effect, a continuous conference of the Cabinets of the Commonwealth capable of dealing with all questions by Governmental decisions. As he had explained, he hesitated to express opinions at Commonwealth meetings such as the present, because he could not consult his colleagues. It was, moreover, valuable to have the written record of the views expressed on each side which resulted from an exchange of messages. By this means, also, all British Commonwealth Governments could be kept informed; for where the subject of a communication was of interest to more than one Commonwealth Government, the Canadian Government usually communicated their reply to all the Governments concerned.

DR. EVATT doubted whether the summary of points made by the 1930 Imperial Conference now entirely covered the ground. He gave as an instance the development of Dominion responsibilities in international affairs. Far Eastern affairs were of vital concern to Australia, and the Australian Government wished to have immediate information of developments. As regards the general arrangements for consultation, during the war there had been occasions when, under the stress of circumstances, decisions of great importance to Dominion Governments had been taken without any consultation with them, but that was not the case now. As to the principles, he considered that the proposed communiqué to be issued after the meeting summed up the position well. The alternative to the present system would be the establishment of some centralised machinery, but such a step might impose a strain on inter-governmental relations. It would lead to a very difficult situation if relations between British Commonwealth Governments became a matter of party politics in any country of the

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C224240

Commonwealth and he hoped that this situation would not arise. He thought that Lord Addison and his Department were to be complimented on their work; Dominion Governments were, he was sure, most grateful to them.

MR. NASH said that he endorsed the views expressed by Mr. Mackenzie King. He considered that the system worked very well in general, but he would like to make four points. First, he suggested that sometimes information might be supplied to Dominion Governments earlier. Secondly, he thought that there could usefully be an extension of the practice of repetition to other Commonwealth Governments of the messages addressed by one Dominion Government to another or to the United Kingdom Government. Thirdly, there might be scope for Dominion Governments on their side to improve their own arrangements for consultation with other Commonwealth Governments, and he referred to the negotiation of the Australia–New Zealand Agreement of 1943 as a case in point. In such cases Dominion Governments should, he suggested, see that other members of the Commonwealth were informed of the progress of events. Finally, he suggested that Dominion Governments might supply to the United Kingdom Government information received from their representatives in foreign capitals.

MR. ATTLEE said that reports of this kind received from Dominion Governments during the war had often been found most useful.

FIELD-MARSHAL SMUTS said that in his view the present system worked admirably. He did not see how it could be improved at present. Indeed Dominion Governments were kept so fully informed by the United Kingdom Government that it was sometimes difficult to absorb the information. He distinguished between the classes of messages. Telegrams imparting information were of great value as a background for Commonwealth co-operation; these did not necessarily call for acknowledgment. Another class required a response from Dominion Governments. The South African Government endeavoured to reply promptly and dealt in complete frankness with the other members of the Commonwealth. In addition to the telegrams exchanged between Governments, each Government was in constant touch with its High Commissioner, who supplied valuable supplementary information. This representation should, he suggested, be extended between all the Governments of the Commonwealth. When they all had High Commissioners in the capitals of the other members of the Commonwealth, then he thought that the present machinery for consultation could not be further improved.

Field-Marshal Smuts said that it was recognised that, during the war, certain decisions had had to be treated with special secrecy. Certainly, since the end of the war, the fullest information had been supplied in a most efficient manner, and he expressed his gratitude to Lord Addison and the Dominions Office.

He thought that few people realised how constant and close was the contact at present maintained between Commonwealth Governments and he suggested that it would be very useful if Mr. Attlee or Lord Addison could make a public statement on the subject, possibly in connection with the discussion at that meeting.

MR. ATTLEE and LORD ADDISON said that they would certainly consider this suggestion.

Nationality of Married Women.

(Previous Reference: P.M.M. (46) 17th Meeting, Item 1.)

3. LORD ADDISON said that in accordance with the decision taken at the 17th Meeting, draft terms of reference for the meeting of experts had been prepared at a meeting of officials.

There was general agreement with the substance of this draft. The precise wording should be settled between officials. It was agreed that the meeting of experts should be convened as soon as possible.

Final Communiqué.

4. The Meeting had before them a draft of a final communiqué circulated by Lord Addison (P.M.M. (46) 34) and amendments to the draft suggested by Mr. Mackenzie King and Dr. Evatt (P.M.M. (46) 36 and 35). The text of the communiqué as finally agreed is annexed to these Minutes.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

Field-Marshal Smuts.

5. MR. ATTLEE, speaking with the warm approval of all present at the meeting, called attention to the fact that the following day was the 76th birthday of Field-Marshal Smuts. He was sure that he spoke on behalf of all present in conveying to Field-Marshal Smuts his congratulations and best wishes for long life and happiness. It was an honour to have among them one who was, without doubt, the doyen among the statesmen of the world.

FIELD-MARSHAL SMUTS expressed his thanks to the Meeting. He was much touched by this expression of their good wishes and regard.

Mr. Attlee and Lord Addison.

6. MR. MACKENZIE KING and the other Dominion Ministers expressed to Mr. Attlee their deep gratitude for the time and patience he had devoted to the meetings, which they well knew must have been an exacting call on him among his many preoccupations. They much appreciated his sympathetic understanding of the points of view of Dominion Governments. They were most grateful also to Lord Addison for his indefatigable efforts and help. They expressed appreciation to the officials concerned for the arrangements; these had been most satisfactory. Finally, they were grateful to His Majesty's Government for their generous hospitality and the facilities afforded to them.

MR. ATTLEE, in reply, said that it had been a great pleasure, and he was sure a great advantage, to have an opportunity of supplementing the official communications between Governments by the personal contacts established at these meetings.

Cabinet Office, S.W. 1,
23*rd May*, 1946.

ANNEX.

TEXT OF FINAL COMMUNIQUÉ ISSUED TO THE PRESS ON 23RD MAY, 1946.

In the course of the last five weeks the Prime Minister of the United Kingdom, the Right Honourable C. R. Attlee, and several of his Cabinet colleagues, the Prime Minister of Canada, the Right Honourable W. L. Mackenzie King, the Prime Minister of Australia, the Right Honourable J. B. Chifley, and the Australian Minister of External Affairs, the Right Honourable H. V. Evatt, the Deputy Prime Minister of New Zealand, the Right Honourable W. Nash, and the Prime Minister of South Africa, Field-Marshal the Right Honourable J. C. Smuts, have engaged in informal consultations on a number of questions arising in connection with the post-war settlements.

The representatives of Canada, Australia, New Zealand and South Africa desire to place on record their sincere thanks to the Prime Minister of the United Kingdom for presiding over the meetings and for his constant and valuable help.

The discussions have been in the nature of an informal exchange of views. They have covered a broad field and have contributed greatly to the elucidation of many problems and to a mutual understanding of the issues involved. Among the subjects on which views were exchanged were the draft Peace Treaties with Italy, Roumania, Bulgaria, Hungary and Finland; the future of Germany; security responsibilities and arrangements for liaison between British Commonwealth Governments on military affairs; and economic and welfare co-operation in the South Pacific and South-East Asia. The opportunity was taken for consultations on other current issues and matters of mutual interest, including separate consultations between individual United Kingdom and Dominion Ministers on questions specially affecting one or two countries only.

At the conclusion of the meetings, the assembled representatives of the United Kingdom, Canada, Australia, New Zealand and South Africa place on record their appreciation of the value of this series of consultations, which exemplifies the system of free discussion and exchange of views that characterises the relations of the countries of the British Commonwealth. The existing methods of consultation have proved their worth. They include a continuous exchange of information and comment between the different members of the Commonwealth. They are flexible

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C224242

and can be used to meet a variety of situations and needs, both those where the responsibility is on one member alone and where the responsibility may have to be shared. They are peculiarly appropriate to the character of the British Commonwealth, with its independent members who have shown by their sacrifices in the common cause their devotion to kindred ideals and their community of outlook. While all are willing to consider and adopt practical proposals for developing the existing system, it is agreed that the methods now practised are preferable to any rigid centralised machinery. In their view such centralised machinery would not facilitate, and might even hamper, the combination of autonomy and unity which is characteristic of the British Commonwealth and is one of their great achievements.

They reaffirm their belief in the efficacy of free and constant consultation and co-operation, not only within the British Commonwealth but also in the wider international sphere. They are determined to do everything in their power to maintain in time of peace the historic co-operation achieved by the Allies in time of war. They look forward to the steady development throughout the whole world of closer international co-operation based on increasing mutual confidence and devoted to the raising of standards of living and the promotion of democratic liberty. Their Governments and peoples are determined to give the fullest support to the United Nations Organisation, not only as a foundation of peace and security, but also as a means for promoting economic progress and social welfare.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

Copy of Final Communique.

Copied from "The Times" Friday May 24, 1946.

"In the course of the last five weeks the Prime Minister of the United Kingdom, the Right Hon. C.R. Attlee, and several of his Cabinet colleagues, the Prime Minister of Canada, the Right Hon. W.L. Mackenzie King, the Prime Minister of Australia, the Right Hon. J.B. Chifley, and the Australian Minister of External Affairs, the Right Hon. H.V. Evatt, the Deputy Prime Minister of New Zealand, the Right Hon. W. Nash, and the Prime Minister of South Africa, Field-Marshal the Right Hon. J.C. Smuts, have engaged in informal consultations on a number of questions arising in connection with the post-war settlements.

The Representatives of Canada, Australia, New Zealand, and South Africa desire to place on record their sincere thanks to the Prime Minister of the United Kingdom for presiding over the meetings and for his constant and valuable help.

The discussions have been in the nature of an informal exchange of views. They have covered a broad field and have contributed greatly to the elucidation of many problems and to a mutual understanding of the issues involved. Among the subjects on which views were exchanged were the draft peace treaties with Italy, Rumania, Bulgaria, Hungary, and Finland; the future of Germany; security responsibilities and arrangements for liaison between British Commonwealth Governments on military affairs; and economic and welfare co-operation in the South Pacific and South-East Asia.

The opportunity was taken for consultations on other current issues and matters of mutual interest, including separate consultations between individual United Kingdom and Dominion Ministers on questions specially affecting one or two countries only.

At the conclusion of the meetings the assembled representatives of the United Kingdom, Canada, Australia, New Zealand and South Africa place on record their appreciation of the value of this series of consultations, which exemplify the system of free discussion and exchange of views that characterizes the relations of the countries of the British Commonwealth.

Variety of Situations.

The existing methods of consultation have proved their worth. They include a continuous exchange of information and comment between the diffent members of the Commonwealth. They are flexible and can be used to meet a variety of situations and needs, both those where the responsibility is on one member alone and where the responsibility may have to be shared.

They are peculiarly appropriate to the character of the British Commonwealth, with its independent members, who have shown by their sacrifices in the common cause their

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

devotion to kindred ideals and their community of outlook. While all are willing to consider and adopt practical proposals for developing the existing system, it is agreed that the methods now practised are preferable to any rigid centralized machinery. In their view, such centralized machinery would not facilitate, and might even hamper, the combination of autonomy and unity which is characteristic of the British Commonwealth and is one of their great achievements.

They reaffirm their belief in the efficacy of free and constant consultation and co-operation, not only within the British Commonwealth but also in the wider international sphere. They are determined to do everything in their power to maintain in time of peace the historic co-operation achieved by the allies in time of war. They look forward to the steady development throughout the whole world of closer international co-operation based on increasing mutual confidence and devoted to the raising of standards of living and the promotion of democratic liberty. Their Governments and peoples are determined to give the fullest support to the United Nations Organisation, not only as a foundation of peace and security, but also as a means for promoting economic progress and social welfare.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

PMC 46

THE DORCHESTER HOTEL
LONDON
TELEPHONE MAYFAIR 8888

C224245

Prime Minister

The Canadian Press asked, this afternoon, whether you would care to make any comment on this particular item.

J.A.G.

27/5/46

No comment
re 28-29-46

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

PRESS CLIPPINGS

Office of
The Prime Minister

Name of Publication Evening Standard

Date May 27, 1947

C224246

Subject

Empire 'No' to defence plan

By NORMAN BARRYMAINE

A blueprint for the defence of the Empire as a single unit—drawn up by Field-marshal Alanbrooke before he relinquished his post of Chief of the Imperial General Staff—has not been adopted by the Dominions.

It was discussed by the Dominion Premiers and their deputies at the conference at 10, Downing-street under the chairmanship of Mr. Attlee.

Only concrete result achieved at the conference was an agreement in principle to the exchange of military liaison officers.

Dominion officers will be attached to the staffs of the High Commissioners in London and have direct access to the British Chiefs of Staff.

BRITAIN'S BURDEN

Rejection of the Alanbrooke Plan means that the main responsibility of Empire defence must for some years continue to fall upon Britain—at least until Uno's regional security arrangements and the world "police" force become effective instruments to maintain peace.

Opposition to the plan, I understand, came from Mr. Mackenzie King, Premier of Canada, and General Smuts, Premier of South Africa.

Neither the Canadian nor the South African Governments were willing to undertake commitments for the defence of the Empire on a broad basis.

It is understood that Canada envisages linking her defence more closely with that of U.S.A. A common army between the two countries has even been talked about.

The Chiefs of Staff of the Admiralty, War Office and Air Ministry hope the plan may be revived later.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

PRESS CLIPPINGS

Office of
The Prime Minister

Name of Publication

Date May 27, 1947

Subject

C224246

Empire 'No' to defence plan

By NORMAN BARRYMAINE

A blueprint for the defence of the Empire as a single unit—drawn up by Field-marshal Alanbrooke before he relinquished his post of Chief of the Imperial General Staff—has not been adopted by the Dominions.

It was discussed by the Dominion Premiers and their deputies at the conference at 10, Downing-street under the chairmanship of Mr. Attlee.

Only concrete result achieved at the conference was an agreement in principle to the exchange of military liaison officers.

Dominion officers will be attached to the staffs of the High Commissioners in London and have direct access to the British Chiefs of Staff.

BRITAIN'S BURDEN

Rejection of the Alanbrooke Plan means that the main responsibility of Empire defence must for some years continue to fall upon Britain—at least until Uno's regional security arrangements and the world "police" force become effective instruments to maintain peace.

Opposition to the plan, I understand, came from Mr. Mackenzie King, Premier of Canada, and General Smuts, Premier of South Africa.

Neither the Canadian nor the South African Governments were willing to undertake commitments for the defence of the Empire on a broad basis.

It is understood that Canada envisages linking her defence more closely with that of U.S.A. A common army between the two countries has even been talked about.

The Chiefs of Staff of the Admiralty, War Office and Air Ministry hope the plan may be revived later.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

Speech for Hayl on return
preliminary as opening
inability to be in L at start

Previous speeches ~~at to~~ in Hyl
in consultation

C224247

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

COLLATERAL ON "BRITISH COMMONWEALTH RELATIONS - CONF. OF PRIME MINISTERS, 1946

JWP/SR
27.5.46

PMC 46

STATEMENT BY THE PRIME MINISTER IN THE HOUSE OF COMMONS ON THE LONDON MEETINGS.

C224248

SUGGESTED POINTS

1. Origin of meetings -

Proposed conference of Prime Ministers of Commonwealth nations to be held immediately prior to Conference at Paris to conclude treaties of peace with Italy, Finland, Hungary, Roumania and Bulgaria.

2. Plans changed by circumstances

Delay and uncertainty in regard to Paris Conference;

Conflict of original date with Dominion-Provincial Conference;

Inability of Field Marshal Smuts to come to London until May;

Inability of Prime Minister of Australia (Mr. Chifley) to remain in London beyond first week of May;

Only practical procedure to have a series of meetings;

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

3. Conduct of meetings

Early meetings largely devoted to matters in which Canadian interest more indirect (e.g. South-West Pacific);

Canadian government fully informed of matters discussed at earlier meetings;

Subjects of greatest interest to Canada discussed after Canadian participation began on May 20th;

Emphasise informal, exploratory and general nature of consultations;

Purpose of meetings: not to solve problems so much as to understand them;

Matters requiring decisions call rather for direct negotiation between Commonwealth governments concerned;

In this connection stress anew the adequacy and efficiency of methods of Commonwealth communication - the continuing conference of the Cabinets of the Commonwealth.

4. Commonwealth Consultations

Read communique into record and compare with speech to two Houses of British Parliament in May, 1944: also with earlier statement in Canadian Parliament.

The communique of Thursday, May 23, 1946 is a complete vindication of the time honoured Canadian

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

position in this matter.

(In this connection also refer to Evatt's statement of May 23, 1946).

5. Value of direct consultations between Commonwealth Prime Ministers.

In view of the general agreement as to the excellence of existing methods of consultation, it may be asked what purpose is served by direct consultations face-to-face.

The answer is that immediate personal consultations are desirable not to concert policy or to settle definite issues, but to explore one another's minds on matters of general interest: to form personal friendships which contribute so greatly to a proper understanding and appreciation of written communications.

First meeting of Prime Ministers since present U.K. Government came into office. Particularly valuable to establish direct contacts with new Ministers.

6. No "British bloc"

Here repeat what was said in London speech of 1944 -

No thought of "ganging up" on other nations; or of seeking to form competing power blocs.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

7. **Disappointment over Paris Conference**

Had hoped to combine London meetings and Paris Conference in a single visit overseas: Inconvenience of too many conferences. What is more serious:

Paris Conference has not met because of lack of agreement on fundamentals among great powers.

Great powers should not settle all details of peace treaties in advance: but equally no object in a conference until agreement in principle on fundamentals among the great powers.

Necessity of doing nothing to widen breach between great powers - time and patience - not too much talk - peace will be built slowly.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

J.A. GIBSON

TOP SECRET
JAC/SR
28.5.46
C224252

NOTE: THE FIGURES IN THIS STATEMENT ARE OF THE HIGHEST SECRECY. THEY HAVE NOT YET BEEN GIVEN TO PARLIAMENT

Points for discussion

British Commonwealth Relations - Defence
British Commonwealth Relations - Prime ministers' Conference, 1946

A. Defence obligations

Present military and financial commitments of United Kingdom Government

(discussed by Commonwealth Ministers at meeting on May 22, 1946).

1. Armed forces. Strength during 1947 beginning 1,194,000
   end 1,077,000

2. Announcement shortly to be made continuing compulsory military service for two years (probably required for five years and for first time in Britain's history in peace-time).

3. Total military expenditure current year £1,200,000,000
   plus additional charges, end of war (largely non-recurring) £ 576,000,000

   Of the overall figure (£1,200,000,000) expected expenditures overseas £ 250,000,000

   Other compulsory expenditures overseas (developmental and continuation of pre-1939 projects) £ 195,000,000

B. Comments on this situation by U.K. Ministers

Mr. Bevin:

1) Cost of overseas commitments by U.K. had formerly been met by income from foreign investments.

2) In changed circumstances, only by increased exports of manufactured goods could overseas expenditures be met.

3) This in turn implied serious strain on man-power (500,000 a year additional for export industries alone).

4) Also involved would be repayments under U.S. Loan.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

5) In these circumstances could some relief of the defence burden be achieved, as to

(a) man-power
(b) finance.

6) Mr. Bevin did not suggest either

(a) contribution to a common pool, nor
(b) any modification of present freedom of action within the Commonwealth.

But could there be a redirection of responsibilities so that each member assumed special obligations in respect of that part of the world in which it was chiefly interested.

- no return to 1939, when there had been no really co-ordinated plan of action in a common war effort.

- it would be a great re-assurance to know that each Commonwealth country had a certain force which could be speedily mobilised and concentrated in a particular area.

C. Comment by Commonwealth Ministers

1) Mr. Mackenzie King

(a) no commitments but would make contents of memorandum (P.M.M.(46) 41 known to his colleagues for careful study;

(b) Canada's own commitments were already much greater than before 1939, and the U.K. was not alone in having liabilities;

(c) Military commitments of Canada to United Nations not yet known;

(d) Could U.S. be asked to assume greater security obligations in Europe?

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

2) Dr. Evatt

(a) Australia already committed to accept a permanent obligation heavier than any before 1939;

(b) the old method of direct contribution would be out of harmony with temper in the Dominions;

(c) Suggested a "regionalisation" of defence in particular areas (as was developing in the Pacific); decentralization of control required improved methods of military liaison.

3) Mr. Nash

(a) New Zealand commitments outside defence altogether included army occupation (Japan)
UNRRA

(b) New Zealand was willing to undertake certain responsibilities in Pacific, but this would still leave U.K. responsible for lines of communication.

4) Field Marshal Smuts

(a) Members of British Commonwealth had undertaken undefined obligations to United Nations, but they had at least as great an obligation to the British group of nations.

(b) The burden on one member of the group was well-nigh intolerable; it was unfair to make the British Isles pay for the peace at the rate now indicated.

(c) The objective of every member of the Commonwealth must be the support of "one group of nations as a great power."

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

D. Comment by Mr. Mackenzie King on F/M Smuts' remarks:

1) Question whether it would not be best to have a Commonwealth defence policy with <u>allocation of specific liabilities</u> was a recurrent one;

suggestions on this subject had been made as early as 1923 and again in 1926;

opposition from Dominions arose from political considerations which no government among them could overlook, even if there were military and financial advantages in such a Commonwealth system as was suggested.

2) The surest way to win the support of the Commonwealth Governments was to trust them to accept the obligations which they believed to be natural and right;

experience of the war had proved this point; a highly-centralized policy might have had a very different response from the Dominions;

if ever liberty were at stake, they could be trusted to respond wholeheartedly.

3) He believed in the closest co-ordination and closest understanding which would be achieved; but he was not in favour of reversing the tendencies of the last 20 years.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C224256

NOTE

MEETING OF PRIME MINISTERS

Confidential Annexes to Minutes

It is requested that the attached Printed copies of the above paper be substituted for the roneoed versions now in your possession, and the latter returned to Room 127A, 2nd Floor, Offices of the Cabinet.

Cabinet Office, S.W.1.

31ST MAY, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

PM 2nd Set

C224257

NOTE

MEETING OF PRIME MINISTERS

Minutes of 15th, 16th, 17th, 18th and 19th Meetings

It is requested that the attached Printed copies of the above papers be substituted for the roneod versions now in your possession, and the latter returned to Room 127A, 2nd Floor, Offices of the Cabinet.

Cabinet Office, S.W.1.,

31ST MAY, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

Telegram C224258

From SSEA, C
To SSDA, London
Ottawa May 9/46

Important
Top Secret
Cypher - Public
No

~~to~~ Stephen Holmes, CMG, L
HC for UK immediate NC

~~Your letter of May 7~~

As you are aware I am most anxious to be as helpful & co-operative as possible in all matters ~~between the South & the~~ which are of great concern to the ~~South~~ Commonwealth & ~~the South~~ the United States South & our own ×

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

CONFIDENTIAL

C224259

Special Report No. 36
Supplement No. 1
May 31, 1946

PRESS ANALYSIS SECTION

C.I.S. - CANADIAN EMBASSY

WASHINGTON, D.C.

DOMINIONS CONFERENCE - LONDON

(May 1 to 27, 1946)

NEWS TREATMENT

Previous to the participation of Canada in the Dominions Conference the question of Empire defense was thrashed out and decision reached that "it would be built largely on an arrangement for a constant exchange of information and ideas and close liaison at all times" (Baltimore Sun 5/3). "Any other decision would have gone against British custom, tradition and history; and not even atomic bombs have yet shaken the British out of their traditions...the Dominions Conference... is just another proof of the faith of the British in their ability to continue to muddle through" (N.Y.Times 5/3). Another point of view on this loose defense plan however was "There will be not tightly centralized British Commonwealth defense system which could be interpreted by Russia, rightly or wrongly, as a hostile encircling sanitary cordon drawn around Soviet Asia...Added to this is the continuing political need throughout the Dominions for treading lightly in any area which touches their independence. Whatever their own opinions, Dominion statesmen cannot ignore political concern back home at any strengthening of British military controls ...Canada's controversy over wartime conscription has only to be remembered in this connection" (C.S.Monitor 5/3).

General plans were "laid for the creation of a South Seas Commission...to promote the general welfare of the native population...quite the opposite of imperialism (and) it was specifically emphasized that the proposed commission...would seek as soon as possible a link with the United Nations" (Balt.Sun 5/4). With regard to defense plans in this area and American demands for retention of Pacific bases "the conference was said to favor an invitation to the United States, France, Portugal and Holland to share in a regional defense scheme (in which) each power would be allocated its own defense area under this plan" (Los Angeles Examiner 4/28).

The apology by Prime Minister Attlee in the House of Commons to the Dominions occasioned by his previous statement that they had agreed to the proposed withdrawal of British troops from Egypt received coverage in the Buffalo News, Seattle Times, New Orleans Times Picayune, Boston Globe, Balt.Sun, Washington Post, Louisville Courier-Journal, Cleveland Plain Dealer. Australia and South Africa were reportedly viewing the proposal with misgivings from the point of view that the Suez Canal was a vital link and were disturbed that the Empire would be deprived of a Middle East military base. The N.Y.Herald-Tribune reported Canada's response to the misstatement "Prime Minister W.L.Mackenzie King told the Canadian House of Commons that Canada had neither given or been asked for advice on the British decision to withdraw military forces from Egypt, according to a Canadian Press dispatch from Ottawa." C.S.Monitor stated "Mr. Eden made much of Prime Minister Mackenzie King's statement that Canada had merely been informed about Egypt. But it was Mr. King who told the Labor Government when he recently visited here that no effort to tighten the machinery of joint Commonwealth decisions would be acceptable. It was likewise Mr. King who not only found it impossible to come to London at the time when other Dominion prime ministers could all gather here but, after the talks began, postponed the date of his arrival."

Discussions on the French Ruhr plan led to a general but unbinding agreement "with Canada unrepresented"(the latter being pointed out by the Chicago Sun) upon a plan for Germany under which Ruhr and Rhineland industries would be nationalized, their administration left in the hands of the Germans but their policies fixed by the occupying powers" (N.Y.Herald-Tribune). There was also agreement "upon three other general principles - that measures must be taken to insure that Germany shall not become a great military power again, that with this understanding Germany must be helped to develop economically and that any settlement must permit the growth of a democratic form of government". Point was also made that "the British Empire is not going to the peace conference to vote as a bloc (N.Y.Times - similarly Balt.Sun).

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

NOT READABLE
PAS LISIBLE

PAGE BLURRED
PAGE BARBOUILLÉE

C224260

The arrival of Mr. King in London brought the conference out of recess and caused the N.Y.Times 5/20 to report that on renewal of defense discussions "Mr. King is in a position to present an authoritative view on atomic energy, which has transformed the basis of empire strategy...Food problems may also come up this week. Food was the first problem Mr. King asked about when he arrived...he said he was going to study...the question of the diversion by Britain of 200,000 tons of Canadian wheat to Germany."

"With Prime Minister W.L. Mackenzie King of Canada participating for the first time the empire leaders turned to a general exchange of views on the European situation as it had been affected by the Paris meeting" (N.Y.Times 5/21) and they "are said to have urged...that an enlarged peace conference be held soon and, if necessary, without the Soviet Union...Bevin is understood to have stressed Soviet responsibility for the failure to make more headway at Paris, but Mackenzie King, Smuts, Evatt and Nash hardly needed much prodding to urge that they and the representatives of the 16 other United Nations which fought the Axis should be brought into the peace conference quickly." (Chicago Sun and small item in PM 5/21)

"There was an impressive turnout for" the meeting on "atomic energy (which) was the subject of a general report by W.L.Mackenzie King...British leaders also gave reviews of what is being done here in the atomic energy line, but both they and the Canadian Prime Minister are in the position of being unable to divulge secrets held in common with the United States. Further arrangements were made for an interchange of scientists between the Dominions" (N.Y.Times 5/23).

"Wean an Empire" (Kansas City Star), "British Reject Empire Policy Plan" (Wash.Post); "Dominions Win Policy Freedom" (Minneapolis Morn. Tribune); "Dominions Turn Down United Foreign Policy" (Wash.Star) headlined the AP report of the decision "against the molding of an empire foreign policy and agreed to maintain 'decentralized' ties instead. The decision emphasized the autonomy of the dominions and formally marked the end of acknowledged United Kingdom predominance...all the dominions, and Canada and Australia particularly, opposed any move toward requiring joint commonwealth action in foreign affairs."

The end of the conference on May 23 disclosed that "the dominions and the United Kingdom are in agreement that the present loose system of communication and consultation within the Empire is much to be preferred over any hard and fast machinery...Prime Minister Mackenzie King of Canada described the existing system, unanimously preferred by the dominions, as a sort of continuous daily Imperial conference...Aside from this arrangement nothing emerged from the discussions here that could remotely be described as an agreed Empire policy or program. Each dominion will take away with it from London its own full sovereign right to act as it thinks best at the World Trade Conference, or when some future question of defense or social or economic co-operation arises. But each will also take away a much fuller understanding of the views of the other dominions and a bit understanding that they will undertake to act in unison in as many directions and on as many mutual problems as possible." (Balt. Sun - similarly N.Y.Times)

EDITORIAL COMMENT

Comment, apparently confined to only two papers, emphasized the "relationship in which the United Kingdom acts in equal partnership with the Dominions, instead of ruling over them." (Louisville Courier-Journal 5/27) calling its editorial "The Twilight of Empire" the Courier-Journal continued: "Conservative voices have been raised in England in a demand for a unified Empire foreign policy as an antidote to the 'dangerous' liberality of the Labor Government in relinquishing controls in India and Egypt. The representatives of the Dominions politely declined to be bound by a common agreement on foreign affairs. Each Dominion prefers to chart its own course. This decision has economic as well as political implications. It recognizes the coming demise of the Empire preference system of trade, which is doomed by the terms of the British loan. Citizens of Canada, Australia and New Zealand, staunchly loyal to a king who symbolizes their British heritage, feel nevertheless that their economic future lies in closer ties with the United States. The war has pulled them once and for all into our economic orbit. Younger and more liberal minds in the United Kingdom regard this new relationship with the Dominions as healthy and desirable." The Kansas City Times 5/27 commented: "The 1946 Imperial conference has both reaffirmed the autonomy in external affairs conferred on the dominions by the statute of Westminister and rejected all proposals which would have led to the development of a commonwealth foreign policy through regular consultation. The representatives of Canada and Australia, it is reported, were especially insistent that the dominions retain complete liberty of action. The net result appears to have been to emphasize the growing tendency of the dominions not to accept foreign leadership from Great Britain. In matters pertaining to the community

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

NOT READABLE
PAS LISIBLE

PAGE BLURRED
PAGE BARBOUILLÉE

of British nations, nevertheless, appearances are apt to be a dangerous guide. The dominions (always excepting Eire) like to proclaim their independence. But they are bound to Great Britain by ties that defy legal definition. Common ways of thinking, common aspirations, to say nothing of common self-interest, create powerful bonds. The latest imperial conference may seem to some outsiders to have carried the dissolution of the British Empire one step farther. Yet by the very fact of recognizing freedom the conference may have only strengthened the basis for voluntary co-operation in future emergencies."

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

(2)

FILE: COLLATERAL
British Commonwealth Relations -
Prime Ministers' Conference 1946 JAG/SR
14.6.46

COMMONWEALTH CONSULTATION C224262

There has been renewed and continuing discussion of the machinery which ought to be employed in the processes of consultation and co-operation among the several governments of the Commonwealth. My own feeling is now, as it has been for some years, that there is no substitute for mutual confidence; and in the discussions recently concluded in London there was a full measure of it. But I am equally clear that any tendency towards a centralization of authority ought to be resisted, as being something opposed to the best interests of Commonwealth relationships viewed as a whole.

I will only add, that in the lengthening history of our free association within the British Commonwealth, the emphasis has been away from centralization. The steps by which our own government progressed - by slow and sometimes painful stages - to responsible government, from responsible government to federation, and from federation to the autonomous stature of free nationhood - all of these represent a progressive devolution of function which is a principal achievement of our free governments.

The meetings in London in 1946 have recognized this to be the fact. The communique issued at the conclusion of the meetings speaks of preferring the existing methods of consultation which, by their flexibility, can be used to meet a variety

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

of needs, alike where responsibilities are those of one nation alone and where responsibilities are shared by all nations of the Commonwealth. Without ruling out the possibility of development and improvement, it was agreed that flexibility is to be preferred to any rigid centralized machinery; since rigidity or centralization "would not facilitate, and might even hamper, the combination of autonomy and unity, which is characteristic of the British Commonwealth and is one of their great achievements."

It may be asked, "Where does Britain herself stand, in this atmosphere as of a world recovering from an earth-shaking storm, with commitments of varying degree in many parts of the world? What assurance has Britain that her own position is recognized; and that after six years of titanic effort her needs for re-establishment as a major trading nation have been appreciated and acted upon? What can Britain count upon when domestic demands upon her manpower both for defence and for industrial production for export are so heavy and so continuous?

To these questions there are, I believe, at least three answers:

1) In the broad picture, Britain must trust in some measure the democratic ideals, the matured goodwill, and the generous impulses of her partner-nations in the Commonwealth. Twice within a generation the Commonwealth and Empire have taken up

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

arms in the defence of the world's freedom. But they took up arms of their own free will, by the deliberate decision of their respective Parliaments, and not because of any centralized direction of defensive or strategic planning. I believe that such a centralized direction of strategic planning, if it were to be directed only to the Commonwealth, would militate against the success of the very objects most prominently in view. But if Britain is prepared to trust the other nations of the Commonwealth, as they are prepared to trust Britain and all their partner-nations, even as they trusted in 1914 and again in 1939, I for one have no fear what the outcome will be.

2) The British Commonwealth ought not to be regarded as a defensive entity to the exclusion of any other relationships. I have suggested that any rigid or centralized system interposed upon political consultation would hinder rather than help; and I believe that any attempt at rigidity in defence arrangements would equally be open to objection.

The answer, it seems to me, lies in a twofold objective, the first general, the second more particular.

(a) The first and general need may best be met by the conclusion of defence agreements within the overall framework of the United Nations.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C224264

(b) The second and more particular objective can best be realized through the development of regional agreements and regional arrangements. In this way we can readily continue the very valuable agencies of co-operation built up during the years of war; and only in this way, I suggest, can we in Canada give full weight to the over-riding position arising from our immediate neighborhood with the United States.

One region with which we are closely and directly concerned is the North Atlantic, across which, through more than five years of war, Canada's fighting men helped to keep afloat that bridge of ships on which Allied victory depended. Another region is the Arctic frontier of the Canadian North, in which air transport has opened many new avenues of trade and communication, and has brought in its criss-cross pattern of aerial flight still newer problems of political security.

In each of these regions there are many peace-time areas of fruitful co-operation. The development of safety and reliability in aerial naviagion, in weather forecasting, in the application of radio-listening devices on land and at sea - all of these are open to still further research and development. Our clear duty, both for ourselves and for our immediate neighbours,is to concentrate upon those areas of

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

most direct and immediate strategic concern.

3) If the Commonwealth is not to be regarded as a defensive entity, neither can it become a commercial area oblivious to the main currents of world trade. I have every sympathy for any well-designed attempt to augment the trading relations of all of the nations of the Commonwealth. But I cannot see in what way this objective can be reached on any basis bounded exclusively by the limits of the Commonwealth. If prosperity, like security, is indivisible, then surely prosperity must be built upon the widest possible foundation of trade on a global scale.

Nor do I forget that Canada has reached its present position as a trading nation by the operation of trading arrangements all around the globe. The operation of Canadian Mutual Aids and the continuation of the basic system under the Export Credits Guarantee legislation approved by this Parliament last year have brought aid and encouragement to not a few war-ravaged nations who were our Allies. But in addition this system has enabled us to maintain, to our own considerable advantage, a high level of employment at home, and on the basis of this high level of employment a uniformly high standard of living. If we are to succeed in maintaining these two high levels - the one of employment and the other of the public welfare -

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

then we must look to our export and import trade.

I have said in this House on earlier occasions, and I repeat it now, that no country in the world has a greater stake in the removal of obstacles from the free exchange of goods and services all around the world. It is with this in mind that the Government attaches very particular importance to the United States proposals for an international conference on world trade and employment. The present indications are that the full conference may not now meet until the Spring of 1947, though the preliminary work of drafting has been proceeding steadily.

To sum up, I have, as anyone who has visited Britain within the past year must have, a tremendous admiration for the spirit and resolution with which the tasks of rebuilding have been tackled. After a great outpouring of the nation's resources there are signs of fatigue and of an understandable desire for a few years of peace and quiet. Meanwhile broad experiments are being made in the realm of national welfare, the extension of social services, and in shouldering and meeting the unprecedently high level of the public debt. I need scarcely add that the people of Canada will watch with sympathy and interest, giving aid and comfort where they can.

—

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

new page Conference Organization and Conference Mentality C224267 (✓)

I should perhaps call attention to one problem to which the swift passage of events has given a peculiar urgency. I refer to the succession of international conferences which developed with and have ~~succeeded~~ followed in the wake of the end of the war. Since August of 1944 there has been scarcely a single month in which representation from Canada has not been required at one or more international conference or technical meeting under the aegis of the United Nations or one of its principal agencies. In many cases the Canadian representation has ~~had to be~~ been headed by one or more ministers of the Crown — in my own case at San Francisco last summer & more recently at two different sets of meetings in London; and in nearly every case technical or expert advisers have been drawn from departments of the Government at Ottawa.

There are few of these conferences which have not drawn upon the resources (and personnel) of the Department of External Affairs. Already understaffed at the outbreak of War, this Department has had to make the best possible use of a relatively small number of trained men. Despite new recruitment from men released from the forces during 1945

C224267

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

~~Hon Paul Martin~~

C224268

& Hon Gaspard Fauteux,
Ottawa, Ont

Hon J. C. Mackinnon
Min of D + C Ottawa

Hon Ernest Lapointe
Min of N H + W, Ottawa

Hon Lionel Chevrier
Min of Transport, Ottawa

J. H. Maloney
67 Main St Hull Que

J. W. Heffernan, K.C.
Vancouver, B.C.

T. Leigh McEachren
Toronto, Ont

Harry P. Hodges
The Times, Victoria, B.C.

W. T. Turnbull
Deputy P M G Ottawa

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C224269

MEMORANDUM FOR THE PRIME MINISTER

MEETING OF PRIME MINISTERS.

The papers on top contain the most important discussions on:-

1. Council of Foreign Ministers;
   Draft Peace Treaties with Italy
   and Balkan Countries.

2. Policy towards Germany.

3. Atomic Energy.

4. Commercial Policy.

5. Arrangements for consultations between Governments.

6. Nationality of married women.

7. Final communique.

J. A. G.

June 17, 1946.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

British Commonwealth Relations ✓
Prime Ministers' Conference 1947 ✓

CONFIDENTIAL

C224270

Memorandum for the Prime Minister:

Re: Prime Ministers' Meeting in London

When I called the United Kingdom High Commissioner this morning he had had no word from London. I have just been advised that word has now come of which the gist is that there will be no formal meeting of Prime Ministers at all, but simply individual discussions with those Prime Ministers and other Ministers who may be in London.

Sir Alexander Clutterbuck would like, if possible, to come in and see you for a minute or two at the end of the afternoon to give you the full details he has received in connection with this matter, if that would be convenient.

J.W.P.

September 30, 1947.

J.W. PIERCEFIELD

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 324, pages C223301-C224270

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

W.L.M. KING PAPERS

Memoranda and Notes

1940-1950

MG 26 J 4 Volume 325

Pages C224271-C225375

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TOP SECRET

PRIME MINISTER
OF CANADA

MEETING OF PRIME MINISTERS

OCTOBER, 1948

[redacted]

FULL RECORD OF MINUTES OF MEETINGS AND MEMORANDA

P. M. M. (48) 1st - 15th MEETINGS

AND

P. M. M. (48) 1 - 17 MEMORANDA

[redacted]

The circulation of this paper has been strictly limited. It is issued for the personal use of Prime Minister of Canada.

TOP SECRET

MEETING OF PRIME MINISTERS

OCTOBER, 1948

C224272

FULL RECORD OF
MINUTES OF MEETINGS
AND MEMORANDA

P.M.M. (48) 1st—15th MEETINGS
AND
P.M.M. (48) 1—17 MEMORANDA

36064

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C 224273

MEETING OF PRIME MINISTERS

OCTOBER 1948

LIST OF CONTENTS

MINUTES OF MEETINGS

Number of Meeting	Date and Time	Subjects under Discussion
P.M.M. (48) 1st Meeting ...	11th October (11.30 a.m.)	1. Opening of Meeting. 2. Procedure for the Meeting. 3. First Press Communiqué.
P.M.M. (48) 2nd Meeting ...	11th October (3.0 p.m.)	1. The Economic Situation. 2. Second Press Communiqué. 3. Hospitality.
P.M.M. (48) 3rd Meeting ...	12th October (11.0 a.m.)	1. Attendance. 2. Field-Marshal Smuts. 3. Foreign Affairs.
P.M.M. (48) 4th Meeting ...	12th October (3.0 p.m.)	1. Foreign Affairs. 2. Third Press Communiqué.
P.M.M. (48) 5th Meeting ...	13th October (11.0 a.m.)	1. Mr. Mackenzie King. 2. Economic Affairs.
P.M.M. (48) 6th Meeting ...	13th October (3.0 p.m.)	1. Economic Affairs. 2. Fourth Press Communiqué.
P.M.M. (48) 7th Meeting ...	18th October (11.0 a.m.)	1. Attendance. 2. Status of High Commissioners. 3. Commonwealth Consultation.
P.M.M. (48) 8th Meeting ...	18th October (2.30 p.m.)	1. Commonwealth Consultation. 2. Ceylon's Application for Membership of the United Nations Organisation.
P.M.M. (48) 9th Meeting ...	19th October (11.0 a.m.)	Foreign Affairs.
P.M.M. (48) 10th Meeting ...	19th October (3.15 p.m.)	1. Foreign Affairs. 2. Future Business. 3. Sixth Press Communiqué.
P.M.M. (48) 11th Meeting ...	20th October (11.0 a.m.)	Defence. (CONFIDENTIAL ANNEX.)
P.M.M. (48) 12th Meeting ...	20th October (3.0 p.m.)	1. Defence. (CONFIDENTIAL ANNEX.) 2. Commonwealth Consultation. 3. Seventh Press Communiqué.
P.M.M. (48) 13th Meeting ...	21st October (12 Noon)	1. Most-Favoured-Nation Treatment for Japan. 2. Commonwealth Consultation.
P.M.M. (48) 14th Meeting ...	21st October (3.0 p.m.)	1. Status of High Commissioners. 2. Final Communiqué. 3. Commonwealth Consultation.
P.M.M. (48) 15th Meeting ...	22nd October (10.30 a.m.)	1. Final Communiqué. 2. Commonwealth Consultation. 3. Concluding Speeches.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C 224274

MEMORANDA

Number of Paper	Date	Subject
P.M.M. (48) 1	23rd September	The World Situation and its Defence Aspects— Memorandum by the United Kingdom Government. Appendix—Commonwealth Defence Co-operation. Memorandum by the United Kingdom Chiefs of Staff.
P.M.M. (48) 2	7th October	European Economic Co-operation: United Kingdom Long-Term Programme— Material submitted by the United Kingdom Government to the Organisation for European Economic Co-operation.
P.M.M. (48) 3	7th October	Economic Affairs: General— (i) The effect of United Kingdom bilateral trade policy on supplies to the rest of the Commonwealth (Annex A). (ii) Trade with Japan (Annex B). (iii) Implications for the Commonwealth countries of European Recovery Programme (Annex C). (iv) European Payments Scheme and trade rules (Annex D). (v) Attitude of the United Kingdom Government to a Western European Customs Union (Annex E). (vi) Co-operative planning in specific fields of European economic activity (Annex F). (vii) The world economic position in 1952–53 (Annex G).
P.M.M. (48) 4	7th October	Arrangements for Meeting— Note by the Secretaries. Annex—Directory (3rd Revise).
P.M.M. (48) 5	7th October	Subjects for Discussion at Meeting of Prime Ministers— Note by the Secretaries.
P.M.M. (48) 6	8th October	Japanese Problems— Memorandum by the United Kingdom Government.
P.M.M. (48) 7	8th October	The Situation in Malaya— Memorandum by the United Kingdom Government.
P.M.M. (48) 8	8th October	United Kingdom Balance of Payments— White Paper on the United Kingdom Balance of Payments, 1946 to 1948.
P.M.M. (48) 9	13th October	Status of High Commissioners— Note by the Prime Minister of the United Kingdom.
P.M.M. (48) 10	13th October	Germany— White Paper containing an account of the events leading up to the reference of the Berlin question to the United Nations.
P.M.M. (48) 11	18th October	Ceylon's Application for Membership of the United Nations Organisation— Memorandum by the Prime Minister of the United Kingdom.
P.M.M. (48) 12	18th October	Ceylon's Application for Membership of the United Nations Organisation— Memorandum by the Prime Minister of Ceylon.
P.M.M. (48) 13	18th October	Commonwealth Consultation— Note by the Secretary of the Conference.
P.M.M. (48) 14	19th October	Status of High Commissioners— Report of the Committee of High Commissioners and Officials.
P.M.M. (48) 15	19th October	Commonwealth Consultation— Statement prepared by the Deputy Prime Minister of Australia.
P.M.M. (48) 16	20th October	Commonwealth Consultation— Revised draft of a statement prepared in consultation with official representatives of all the various Delegations.
P.M.M. (48) 16 (Revise) ...	21st October	Commonwealth Consultation— Revised draft of a statement prepared in consultation with official representatives of all the various Delegations.
P.M.M. (48) 17	21st October	Draft of Final Press Communiqué.
P.M.M. (48) 17 (Revise) ...	21st October	Revised Draft of Final Press Communiqué.

MEETINGS

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224275

SECRET

P.M.M. (48) 1st Meeting

MEETING OF PRIME MINISTERS

MINUTES of the First Meeting held at 10 *Downing Street, S.W.* 1, *on Monday,* 11*th October,* 1948, *at* 11·30 *a.m.*

Present:

The Right Hon. C. R. ATTLEE, M.P., Prime Minister of the United Kingdom (*in the Chair*).

UNITED KINGDOM

The Right Hon. HERBERT MORRISON, M.P., Lord President of the Council.

The Right Hon. ERNEST BEVIN, M.P., Secretary of State for Foreign Affairs.

The Right Hon. Sir STAFFORD CRIPPS, K.C., M.P., Chancellor of the Exchequer.

The Right Hon. A. V. ALEXANDER, M.P., Minister of Defence.

The Right Hon. HUGH DALTON, M.P., Chancellor of the Duchy of Lancaster.

The Right Hon. VISCOUNT ADDISON, Lord Privy Seal.

The Right Hon. VISCOUNT JOWITT, Lord Chancellor.

The Right Hon. A. CREECH JONES, M.P., Secretary of State for the Colonies.

The Right Hon. P. J. NOEL-BAKER, M.P., Secretary of State for Commonwealth Relations.

The Right Hon. J. H. WILSON, M.P., President of the Board of Trade.

The Right Hon. E. SHINWELL, M.P., Secretary of State for War.

Mr. P. C. GORDON-WALKER, M.P., Parliamentary Under-Secretary of State for Commonwealth Relations.

The Right Hon. MALCOLM MACDONALD, Commissioner-General for South-East Asia.

Marshal of the Royal Air Force the LORD TEDDER, Chief of the Air Staff.

Admiral LORD FRASER OF NORTH CAPE, First Sea Lord and Chief of Naval Staff.

Lieut.-General G. W. R. TEMPLER, Vice-Chief of the Imperial General Staff.

Sir ERIC MACHTIG, Commonwealth Relations Office.

CANADA

Mr. NORMAN ROBERTSON, High Commissioner for Canada in London.

AUSTRALIA

The Right Hon. H. V. EVATT, K.C., Deputy Prime Minister.

The Right Hon. J. A. BEASLEY, High Commissioner for Australia in London.

NEW ZEALAND

The Right Hon. PETER FRASER, Prime Minister of New Zealand.

The Right Hon. W. J. JORDAN, High Commissioner for New Zealand in London.

Mr. A. D. MCINTOSH, Secretary for External Affairs.

SOUTH AFRICA

The Hon. E. H. LOUW, Minister of Mines and Economic Affairs.

Mr. LEIF EGELAND, High Commissioner for South Africa in London.

INDIA

PANDIT JAWAHARLAL NEHRU, Prime Minister of India.

Mr. V. K. KRISHNA MENON, High Commissioner for India in London.

PAKISTAN

Mr. LIAQAT ALI KHAN, Prime Minister of Pakistan.

Sir ZAFRULLAH KHAN, Minister for Foreign Affairs.

HABIB IBRAHAM RAHIMTOOLA, High Commmissioner for Pakistan in London.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224276

CEYLON

The Hon. D. S. SENANAYAKE, Prime Minister of Ceylon.

Sir OLIVER GOONETILLEKE, High Commissioner for Ceylon in London.

Mr. K. VAITHIANATHAN, Secretary for External Affairs.

SOUTHERN RHODESIA

The Right Hon. Sir GODFREY HUGGINS, Prime Minister of Southern Rhodesia.

The Hon. T. H. BEADLE, Minister for Internal Affairs.

Secretariat

Sir NORMAN BROOK.

Sir GILBERT LAITHWAITE.

CONTENTS

Minute	*Subject*	*Page*
1	Opening of Meeting	2
2	Procedure for the Meeting	4
3	First Press Communiqué	6

1. Opening of Meeting

MR. ATTLEE extended, on behalf of the United Kingdom Government, a warm welcome to the representatives of the other Commonwealth countries. He hoped that their stay in London would be happy and fruitful. He offered a special welcome to the Prime Ministers of India, Pakistan and Ceylon whose countries were for the first time being represented at a meeting of Commonwealth Prime Ministers. All would share his very great regret that Mr. Mackenzie King would be prevented by indisposition from attending the meeting; and he suggested that a message should be sent to Mr. Mackenzie King in the following terms :—

> "We wish to extend our sincere sympathy to the Prime Minister of Canada in the unfortunate illness which is preventing him from joining us during this meeting. His counsel and advice will be very greatly missed from our deliberations. We all join in wishing him a speedy return to good health and take this opportunity of congratulating him on the great part which he has played in the affairs of the Commonwealth for so many years."

This proposal was unanimously approved.

MR. NORMAN ROBERTSON read the following message from Mr. Mackenzie King :—

> "I wish to express to Prime Minister Attlee, his colleagues, and the Prime Ministers and representatives of the other nations of the Commonwealth, my great regret at not being able to be present this morning at the opening meeting of the Conference to which I have been much looking forward for the past few months. I should like, however, through Mr. Robertson, to convey to all present my warmest of greetings. I send a special word of greeting to those whom I have met at previous conferences in London and in Canada, and wish particularly to extend a word of greeting to the representatives of India, Pakistan and Ceylon, who for the first time are seated around the table at No. 10 Downing Street.
>
> "The first meeting of Prime Ministers and others which I attended was the Imperial Conference of 1923. Since that time I have been present at a number of other conferences and meetings. Each occasion has helped to widen and extend my appreciation not only of Commonwealth but of world affairs, and to confirm more strongly than ever my belief in the great value to be attached to co-operation between the different nations of the Commonwealth, and to the larger co-operation which our unity has made possible with the peoples of other nations. While I shall not be able to be present at the meetings, I am arranging for a member of the Canadian Cabinet to be present in a day or two. Meanwhile, Mr. Robertson, who has been associated with me in the work of government over many years, will, I feel confident, be able to represent my views accurately and adequately.
>
> "I hope, though confined to my room and at present to bed, I shall in the course of the Conference be able to meet the representatives from the countries of the Commonwealth who are attending the present meetings."

C224277

DR. EVATT expressed his thanks for the welcome extended by Mr. Attlee. He was glad to meet once again with representatives of the other members of the Commonwealth. In this critical stage in world affairs there were important questions for them to discuss; and he believed that by taking counsel together they could do much to help one another and to help the world. He also expressed his special thanks to the Secretary of State for Commonwealth Relations, Mr. Noel-Baker, and to his predecessor, Lord Addison, for the keen interest which they took in all Commonwealth matters.

MR. FRASER endorsed these remarks. He was sure that he could speak for all present in saying how pleased he was that Mr. Attlee had recovered from his illness, and was able to preside over their discussions. He believed that this would be an important and a useful meeting. There were difficult problems affecting them as members of the British Commonwealth which could most usefully be discussed, and he was confident that the difficulties could be overcome. Free discussion would bring the self-governing nations of the Commonwealth more closely together. The Commonwealth was the surest hope and the firmest foundation for world peace.

MR. LOUW thanked Mr. Attlee for his welcome, and said that he was particularly glad to find Mr. Attlee sufficiently recovered from his recent illness to preside over the meeting. He had been asked to express Dr. Malan's regret at his inability to attend the meeting. Dr. Malan was heavily engaged with the problems which necessarily confront a Government which has only recently taken office, and it had not been possible for him to leave South Africa at the present juncture. South Africa was glad, however, to be represented at the meeting in order to discuss the various matters which were of common concern to South Africa and other Commonwealth countries. Foremost amongst the problems of common interest to Great Britain and South Africa were those of the African Continent. In the sphere of international relations there were the problems of Western Europe, which were also of interest to South Africa. South Africa was happy to collaborate with the other Commonwealth countries in the discussion of such questions of common concern.

PANDIT NEHRU said he was grateful for the welcome extended to himself and to his delegation. He had long looked forward to the participation of a free India at a Meeting of Commonwealth Prime Ministers. He had many old friends amongst those present, and he hoped that more friendships would be forged during his stay. India was engrossed at the present time in problems consequent upon her new status but he recognised that these could not be studied or dealt with in isolation. Already he had felt an atmosphere of friendship and goodwill, which could be more important than logical argument. If this atmosphere could be more freely applied to the problems of the world, they would be nearer to solution than they were now. He hoped for the success of the conference, and on behalf of the Indian Government expressed his appreciation for the opportunity of these discussions with the other members of the Commonwealth.

MR. LIAQAT ALI KHAN thanked Mr. Attlee for his welcome and said that he was proud to number Pakistan amongst the nations at the meeting. Representatives of between 500 and 600 million people were here assembled to discuss matters of common concern. With the spirit of goodwill and co-operation and the close association inherent in membership of the Commonwealth, he hoped their endeavours would contribute to the peace and happiness of mankind. He hoped that with a greater unity of heart and action between them the Commonwealth countries would be able to play an effective part in maintaining world peace and stimulating the peaceful progress of the world as a whole.

MR. SENANAYAKE thanked Mr. Attlee for his welcome and for the arrangements that had been made for their stay in London. He was glad to meet the representatives of the other Commonwealth countries. During the meeting they would no doubt discuss many problems and he hoped these would

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

be approached, not from the point of view of each particular country, but on the basis of partnership in the Commonwealth. The discussions would strengthen the bonds of friendship and draw the member nations into an even closer association. There were many advantages to be gained from discussing their family matters together. There would also be great advantage if Prime Ministers could find time to visit the countries of each other so that understanding could be promoted from personal knowledge and experience. Ceylon would give a ready welcome to Commonwealth visitors. He promised the full co-operation of Ceylon in the coming discussions.

SIR GODFREY HUGGINS expressed his gratitude that Southern Rhodesia had been invited to be represented at the meeting. He congratulated the new members of the Commonwealth on achieving their independent status. Southern Rhodesia was not jealous of their achievement. She recognised that, before she claimed full independence, she must be ready and able to undertake all the obligations implied by sovereignty. He thought that in present international conditions these discussions between the nations of the Commonwealth would prove to be of the highest importance.

MR. ATTLEE thanked the other Commonwealth representatives for these statements. He noted with interest the emphasis laid on the family nature of these discussions. This was how he himself regarded them. He believed that informal discussion of matters of common concern would be more fruitful than eloquence. He hoped that the results of the meeting would prove lasting, mutually helpful, and of practical benefit to all.

2. Procedure for the Meeting

(*a*) *Subjects for Discussion at Plenary Sessions*

MR. ATTLEE referred to P.M.M. (48) 5 and suggested that items (ix) and (x)—Precedence of Commonwealth High Commissioners and Situation in South-East Asia (Burma, Indonesia and Malaya)—should be added to the eight items which had already been agreed upon. This was approved.

(*b*) *Subjects for Discussion outside Plenary Sessions*

MR. ATTLEE said that, apart from the subjects agreed upon for discussion at plenary sessions, there were various other items of primary concern to certain Commonwealth countries only, such as migration and the co-ordination of social services. Doubtless these could best be talked over by groups of the Ministers concerned. Suggestions for meetings on any other such topics could be made to the Secretary, who would be ready to assist in making the necessary arrangements.

(*c*) *Time-table*

MR. ATTLEE referred to P.M.M. (48) 4 and said that, in view of Mr. Mackenzie King's unfortunate illness and the prospect that a senior Canadian Minister would have arrived before the end of the week, it seemed desirable to alter somewhat the time-table which had been proposed in P.M.M. (48) 4. He suggested that on Tuesday, 12th October, Mr. Bevin, after a general review of the world situation, might concentrate on affairs in the eastern half of the world. His statement, followed by one from Mr. Malcolm MacDonald, might form the basis for discussion in the afternoon. On the morning of Wednesday, 13th October, it might be suitable to resume discussion of the economic situation; and on Thursday, 14th October, there might be discussion on such subjects as Commonwealth consultation and the status of Commonwealth High Commissioners. The important subjects of foreign affairs in the west and Defence, which were closely connected, would then be left over for discussion in the second week of the meeting, when Canada would be represented by a Minister.

Generally speaking, MR. ATTLEE said that the aim had been to restrict the number of plenary meetings, so as to give plenty of opportunity for discussions between smaller groups of Ministers. It was proposed to hold no plenary session during the first week after Thursday, since Dr. Evatt had then to return to Paris as President of the United Nations Assembly.

MR. NORMAN ROBERTSON said that if the suggested change of programme commended itself to the other members of the Conference, the rearrangement would be much appreciated by Canada.

DR. EVATT, while concurring in the proposed arrangements for Tuesday and Wednesday, hoped that discussion of the status of High Commissioners and the machinery of Commonwealth consultation might be deferred until the second week.

MR. LIAQAT ALI KHAN said that a plenary session on the morning of Thursday, 14th October, would not be convenient for the Pakistan delegation.

MR. ATTLEE suggested that in the circumstances it might be better to hold no plenary meeting on Thursday, 14th October. The business for plenary meetings might be provisionally arranged as follows:—

Tuesday, 12th October.—Foreign Affairs, with particular reference to South-East Asia and Japan.
Wednesday, 13th October.—Economic Questions (resumed).
Monday, 18th October.—Commonwealth consultation, and Status of High Commissioners.
Tuesday, 19th October.—Foreign Affairs in the western half of the World.
Wednesday, 20th October.—Defence.

There was general agreement with this rearrangement of the time-table.

MR. LOUW asked whether it was intended that the meeting should last longer than two weeks and expressed the view that the aim should be to finish by the end of the second week. MR. ATTLEE said that, while no precise concluding date had been fixed, it had been assumed that the final plenary session would be on Friday, 22nd October. There was general agreement that two weeks was the desirable limit of the meeting, though MR. FRASER made the point that this limit might be exceeded by a day or two if there was important business still outstanding at the end of the second week.

(*d*) *Attendance at Meetings*

MR. ATTLEE said that Ministers would be free to bring their High Commissioners with them to the meetings whenever they so desired. He hoped that Ministers would restrict to a minimum the number of official advisers who accompanied them to the plenary meetings, as space was very limited.

(*e*) *Publicity*

MR. ATTLEE said there was bound to be speculation about the course of the discussions. He hoped, however, that Ministers and their advisers would observe complete secrecy since, as had been made clear, the purpose of the Meeting was to facilitate the free and informal exchange of views on large questions of common concern.

A brief communiqué would be issued to the Press after each meeting. This would give the subject under discussion, and might on occasion indicate the broad lines of what had been said. The substance of the communiqués might be settled at the end of each meeting.

Mr. P. C. Gordon Walker, the Parliamentary Under-Secretary of State for Commonwealth Relations, had been asked to supervise the Press arrangements on behalf of the United Kingdom Government. Mr. Gordon Walker had been in close touch with the Commonwealth Press Officers and would continue to meet them daily.

(*f*) *Form of Record of Meeting*

MR. ATTLEE said it was not proposed to have a verbatim record of the discussions. The Secretariat would prepare minutes in the general form adopted in 1946. These would give an account of the general trend of the discussion and would include a statement of the views expressed by each Prime Minister or Commonwealth representative on the more important questions. Such a record had been found on the last occasion to be satisfactory, and Ministers would probably not find it necessary to supplement it by making their own separate records. The record of each day's discussions would be circulated to delegations at 8 a.m. on the following day. The Secretariat would be glad to have any comments or corrections within forty-eight hours.

(*g*) *Hospitality*

MR. ATTLEE said that, acting on what was doubtless the wish of Prime Ministers, the programme of entertainment had been kept as light as possible and formal engagements had been kept to a minimum. There were, in fact, no

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C 224280

large United Kingdom engagements apart from His Majesty's Dinner on 13th October, a dinner at No. 10 Downing Street on the 21st, a reception at Lloyd's on the 14th and a reception for the Empire Parliamentary Association on the 18th.

(*h*) *Accommodation and Services*

MR. ATTLEE said that he hoped the arrangements for accommodation of the delegations were to everyone's satisfaction. Arrangements had been made to provide boxes, keys, secrecy telephones for Prime Ministers themselves in their hotels, and circulation of Foreign Office and other telegrams. If there was any point on which Ministers found themselves in difficulty, the Secretariat would be glad to do everything possible to help.

(*i*) *Times of Meetings*

There was general agreement that plenary sessions should be held at 11 o'clock in the mornings (not 11·30 a.m. as previously proposed) and 3 p.m. in the afternoons.

3. First Press Communiqué

It was agreed that the communiqué regarding the morning's meeting should give a brief account of the introductory speeches, quoting the message to the Meeting from Mr. Mackenzie King and the Meeting's reply thereto, and adding that arrangements for the conduct of future business were also discussed.

Cabinet Office, S.W. 1,
11*th October*, 1948.

C 224281

SECRET

P.M.M. (48) 2nd Meeting

MEETING OF PRIME MINISTERS

MINUTES of the Second Meeting held at 10 *Downing Street, S.W.* 1, *on Monday,* 11*th October,* 1948, *at* 3 *p.m.*

Present:

The Right Hon. C. R. ATTLEE, M.P., Prime Minister of the United Kingdom (*in the Chair*).

UNITED KINGDOM

The Right Hon. ERNEST BEVIN, M.P., Secretary of State for Foreign Affairs.

The Right Hon. Sir STAFFORD CRIPPS, K.C., M.P., Chancellor of the Exchequer.

The Right Hon. HUGH DALTON, M.P., Chancellor of the Duchy of Lancaster.

The Right Hon. VISCOUNT ADDISON, Lord Privy Seal.

The Right Hon. A. CREECH JONES, M.P., Secretary of State for the Colonies.

The Right Hon. P. J. NOEL-BAKER, M.P., Secretary of State for Commonwealth Relations.

The Right Hon. T. WILLIAMS, M.P., Minister of Agriculture and Fisheries.

The Right Hon. J. H. WILSON, M.P., President of the Board of Trade.

The Right Hon. JOHN STRACHEY, M.P., Minister of Food.

Mr. P. C. GORDON-WALKER, M.P., Parliamentary Under-Secretary of State for Commonwealth Relations.

Sir ERIC MACHTIG, Commonwealth Relations Office.

Sir EDWIN PLOWDEN, Treasury.

Mr. T. L. ROWAN, Treasury.

Mr. S. L. HOLMES, Board of Trade.

CANADA

Mr. NORMAN ROBERTSON, High Commissioner for Canada in London.

Mr. R. G. ROBERTSON.

Mr. A. E. RITCHIE.

AUSTRALIA

The Right Hon. H. V. EVATT, K.C., Deputy Prime Minister.

The Right Hon. J. A. BEASLEY, High Commissioner for Australia in London.

Dr. H. C. COOMBS.

Dr. ROLAND WILSON.

Mr. F. H. WHEELER.

Mr. J. A. TONKIN.

NEW ZEALAND

The Right Hon. PETER FRASER, Prime Minister of New Zealand.

The Right Hon. W. J. JORDAN, High Commissioner for New Zealand in London.

Mr. LEICESTER WEBB.

Mr. E. O. GREENSMITH.

SOUTH AFRICA

The Hon. E. H. LOUW, Minister of Mines and Economic Affairs.

Mr. LEIF EGELAND, High Commissioner for South Africa in London.

Mr. W. C. NAUDÉ.

INDIA

PANDIT JAWAHARLAL NEHRU, Prime Minister of India.

Sir GIRJA BAJPAI.

Sir N. R. PILLAI.

Mr. S. A. LALL.

PAKISTAN

Mr. LIAQAT ALI KHAN, Prime Minister of Pakistan.

Sir ZAFRULLAH KHAN, Minister for Foreign Affairs.

Mr. MOHAMMAD ALI.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C 224282

CEYLON

The Hon. D. S. SENANAYAKE, Prime Minister of Ceylon.
Mr. K. VAITHIANATHAN.
Mr. R. G. SENANAYAKE.
Mr. N. W. ATUKORALA.

SOUTHERN RHODESIA

The Right Hon. Sir GODFREY HUGGINS, Prime Minister of Southern Rhodesia.
The Hon. T. H. BEADLE, Minister for Internal Affairs.
Mr. N. R. BERTRAM.

Secretariat

Sir NORMAN BROOK.
Sir GILBERT LAITHWAITE.

CONTENTS

Item	*Subject*	*Page*
1	The Economic Situation	1
2	Second Press Communiqué	7
3	Hospitality	8

---

1. The Economic Situation

SIR STAFFORD CRIPPS said that he proposed to give a general picture of the economic situation and prospects of the United Kingdom and the sterling area. The United Kingdom Government had recently completed the preparation of their Four-Year Programme (P.M.M. (48) 2) for the Economic Co-operation Administrator. He did not over-estimate the accuracy of the forecast contained in that Programme, but it was the best that could be produced—neither unduly optimistic nor pessimistic and necessarily based on a great many uncertainties and assumpions. It was not a plan which would bind future action. It was rather a framework of estimates within which current problems could be considered and decided as they arose. It was possible that the outcome would be better than the estimate, or worse, but the Programme would be a helpful guide to future action. It had been submitted to the Organisation for European Economic Co-operation in Paris with a special reservation to the effect that it must be regarded as provisional pending consultation with other Commonwealth Governments.

He would first mention one or two general points in connexion with the Programme. The facts and figures which it contained covered primarily details of United Kingdom trade and earnings. But the figures of the sterling area as a whole were the true indication of the situation. The United Kingdom was responsible for the stability of sterling and the maintenance of the sterling area reserves of gold and dollars. These reserves must be maintained at about £500 million. At the moment they were a little below that figure, but taking into account certain E.R.P. credits outstanding it remained broadly true that during the last nine months the reserves had been maintained at the desired level. The necessity of maintaining the reserves made the position of the United Kingdom's economy, including her internal economy, of great importance to the whole sterling area.

Special problems arose from the fact that the Commonwealth also included a part of the dollar area, namely, Canada. He had, however, discussed these recently in detail in Ottawa, and he need not go over that ground again now. He had gone on from Ottawa to Washington, where the Economic Co-operation Administrator had accepted the principle that the rest of the sterling area deficit should be taken into account in assessing the allocation of E.R.P. aid to the United Kingdom. At the last moment the Americans had said that they could not meet our dollar or gold payments to countries outside the sterling area, *i.e.*, primarily Egypt and Iran. This point would be pursued in Washington, but the dollar deficits of the sterling area would in effect become a charge on E.R.P. funds.

C224283

In Washington he had taken the line that unless the rest of the sterling area deficit were covered by E.R.P., it would be impossible for the deficits of the other participating countries with the rest of the sterling area to be covered by the European Payments Scheme. This point had now been met. The present position was, therefore, that the European Payments Scheme covered a considerable area outside Europe—for instance, the sterling area, the French franc area, the Belgian franc area, and the Dutch guilder area. Sir Stafford Cripps drew attention to the table in paragraph 11 of the paper on the European Payments Scheme and Trade Rules (Annex "D" to P.M.M. (48) 3). This showed that the United Kingdom had undertaken to make a contribution of the sterling equivalent of $312 million and would receive a contribution of the Belgian franc equivalent of $30 million. The United Kingdom had also agreed that participating countries might draw down their sterling balances by $209 million, making a total net contribution to European countries of nearly $500 million for which there would be no immediate return in the form of goods.

Sir Stafford Cripps then turned to consider certain basic assumptions which had been made in drawing up the estimates for the future which were contained in the Long-Term Programme. These were—

(i) That there would be no general rearmament or major political change in Europe.
(ii) That there would be no adverse change in the terms of trade for the sterling area as a whole and for the United Kingdom in particular. This could not be forecast with certainty, but on the instructions of the Organisation for European Economic Co-operation the Programme had been constructed on the basis of 1948–49 prices.
(iii) That E.R.P. aid would be continued for the full period of four years and in a reasonable, though diminishing, volume.
(iv) That a reasonable amount of east–west trade would continue to be conducted in Europe across the Iron Curtain.
(v) That there would be substantial progress in European economic co-operation, *i.e.*, that it would become increasingly possible for the sterling area to obtain in Europe, and for Europe to obtain from the sterling area, goods which at the moment had to be purchased in dollar countries.

Sir Stafford Cripps said that, in the view of the United Kingdom Government, the future of democracy in the British Commonwealth was closely bound up with the survival of democracy in Western Europe, and in consequence the economic strength and progress of the two were inter-related through the United Kingdom. These two in their turn were linked intimately to the United States and Canada by E.R.P. aid and by Canadian assistance.

The sterling area's major problem at present was that of its dollar balance. That was also the main problem confronting the world as a whole, including Canada. The dollar shortage was caused by the disproportion in production between the United States and the great food and raw material producing areas of the Western Hemisphere and, on the other hand, the rest of the world, especially Western Europe and its associated areas. This point was brought out by the United Kingdom 1947 balance of payments figures given on page 4 of the White Paper circulated with P.M.M. (48) 8. This showed a total deficit of £630 million and a dollar deficit of £670 million. For the first six months of 1948, the total deficit was £140 million and the dollar deficit was £195 million. In the third quarter of 1948 the total gold and dollar deficit of the sterling area as a whole, before taking into account the amounts received under E.R.P., amounted to £76 million, compared with £157 million in the first quarter and £107 million in the second quarter of the year. During the third quarter the United Kingdom were provisionally allocated an amount of £85 million in grants and loans under the European Recovery Programme. This was in addition to the sum of £100 million in grants and loans for the second quarter and brought the total for the six months up to £183 million, out of which the United Kingdom had received during the second quarter £22 million in reimbursement of dollar expenditure already incurred. In the third quarter the United Kingdom received £41 million in further reimbursement of expenditure incurred both in the current and in the preceding quarter. The balance of the total third quarter deficit of £76 million, *i.e.*, £35 million, was met by a reduction in the holdings of gold and dollars which, at the end of September amounted to £437 million.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C 224285

As the balance of payments with the dollar area improved through the switching of purchases to other areas, other problems of balance were created. These would be manageable as between the United Kingdom and certain other members of the sterling area, but much less as between the sterling area and the non-dollar non-participating countries. While currencies remained inconvertible it was not easy to solve this problem, which might be expected to become more difficult as the dollar position improved. We might therefore expect that a general balance would be reached in the current quarter or in the next quarter, but that this would be accompanied by heavy deficits with the dollar area and with the non-dollar non-participating area. Progress was, however, being made and the people of the United Kingdom were working hard. Suggestions to the contrary were untrue. The United Kingdom were grateful for the great help given by other Commonwealth countries.

Sir Stafford Cripps then turned to examine in detail the forecast of the United Kingdom's position in the next four years. The Long-Term Programme was designed to show what the United Kingdom hoped to be able to do by 1952, on the assumptions described above, to redress her balance of payments and that of the rest of the sterling area, particularly in dollars, without drawing down reserves. Obviously the United Kingdom could not plan in detail for the rest of the sterling area countries, but certain assumptions had been made about their trade with the United Kingdom and their dollar expenditures which affected the Programme and were now being verified. He hoped that by the end of 1952–53 there would be a general balance on current account of $400 million and that the Western Hemisphere deficit would be reduced to $291 million. This we hoped to be able to meet by gold and by earnings elsewhere.

To this end certain policies were being adopted which were set out in Chapter 2 of the Long-Term Programme. These were not only present but continuing policies. Sir Stafford Cripps explained these under the following heads :—

(*a*) A publicity campaign.
(*b*) Fiscal policy.
(*c*) Stabilising of personal incomes.
(*d*) The redeployment of man-power.
(*e*) Emigration and immigration.
(*f*) Productivity.
(*g*) Controls over home production and consumption.
(*h*) Measures to maintain the strength of sterling.
(*i*) Export policy.
(*j*) Import policy.
(*k*) The objective of multilateral trading.
(*l*) Expansion of international trade.
(*m*) International co-operation.

On the subject of export policy Sir Stafford Cripps explained that the United Kingdom Government were pressing every kind of export, both of consumer and of capital goods. The principal difficulty was the shortage of steel. There was no general direction of exports to particular markets but, short of that, every kind of pressure was used to induce exporters to send to the desired markets. He understood that there was some anxiety in Commonwealth countries lest goods should be diverted away from traditional Commonwealth markets as a result of our bilateral trade agreements with foreign countries. This was discussed in Annex " A " to P.M.M. (48) 3. All the United Kingdom's bilateral agreements were for short periods, and the requirements of the rest of the Commonwealth were always taken fully into account. Moreover, the agreements did not normally guarantee deliveries. Even in the agreement with Russia, where we had gone further than usual in this direction, we had only undertaken to use our " best endeavours " to secure delivery; and, not all the goods had in fact been supplied as the Russians did not place the orders. Bilateral agreements were a great help in the short run in encouraging the flow of trade.

Sir Stafford Cripps then explained the major industrial plans described in Chapter 3 of the Long-Term Programme. These included plans for increased production of food, coal, oil, iron and steel, engineering products, chemicals, textiles and shipping.

Sir Stafford Cripps next referred to Chapter IV of the Long-Term Programme. Paragraph 158 in this Chapter showed how the available investment resources would be distributed over the main industries and services. In effect from 1949 on some 20 per cent. of the national income would be invested annually,

C 224284

which would involve an annual capital sum of £2 billion. Even this sum would not cover all requirements, in particular for arrears of maintenance.

In the development of overseas territories, discussed in Chapter V, the main problem was not finance but equipment. A complete survey had been made with a view to ascertaining what were the principal projects of economic improvement. Steel was so scarce that little would be available for any of these projects. What was available must be used to the best advantage and priorities had been established accordingly. Paragraph 185 gave a summary of the main increases in production which it was hoped to achieve.

Chapter VI gave the final estimate of the balance of payments which it was hoped to achieve by the policies described in the preceding paragraphs and on the four main assumptions set out in paragraph 192. In the light of this it was hoped (paragraph 194) that United Kingdom exports, taking them year in and year out, would run at 150 per cent. of the 1938 volume. Net invisible earnings would increase, particularly from oil and shipping, though by 1951 interest would begin to be payable on the United States and Canadian Loans. Imports on the other hand were planned to run at 85 per cent. of the 1938 volume, reduction in the standard of consumption being avoided by means of the projected increase in the home production of food; and at the end of the period the standard of living, though not luxurious, would be somewhat above that of 1947. Paragraph 201 summarised the possible composition of the balance of payments in 1952–53 compared with 1947 and with 1948–49, and showed how by the end of the period the old ratio between imports of food and of raw materials would have changed.

Turning to the pattern of international payments (Section 4 of Chapter VI) Sir Stafford Cripps said that, though there was expected to be a general balance, there would be deficits with the Western Hemisphere and with the non-dollar non-participating countries. Special means would have to be adopted to liquidate these deficits. That with the Western Hemisphere could probably be liquidated by the gold production and dollar earnings of the rest of the sterling area. In this way it should be possible to liquidate the deficit of $291 million, while at the same time maintaining a fairly high rate of imports from Canada. The smaller deficit with the non-dollar non-participating countries would be liquidated by the proceeds of sales of sterling area goods to those countries: this was dealt with in paragraphs 208 to 210. The present deficit was partly due to the very high prices being charged by those countries.

Summing up, Sir Stafford Cripps said that this review of United Kingdom policies and prospects led to the following conclusions :—

(i) The continued need for careful control of imports, particularly from dollar areas, by all sterling countries.
(ii) The need to expand supplies of raw materials and food-stuffs within the sterling area so as to enable a switch to be made from dollar sources: this expansion was, indeed, no less necessary in respect of manufactured goods.
(iii) The close connection between Western Europe and the sterling area and their value to one another.
(iv) The great importance of maintaining the strength and stability of sterling: a large part of the trade of the world was now being conducted in sterling, and all bilateral agreements were based on that currency.
(v) Prosperity could return to the sterling area only if world trade as a whole were expanded. Bilateral agreements were essential at present when sterling was not convertible, but the aim must be the re-establishment of multilateral trading. This should be achieved first through the extended use of sterling, and later through its convertibility.
(vi) The need to make every effort to expand exports to the dollar area, principally to Canada and to the United States. At the same time the only real solution of the dollar problem was to be found through trade, and not through financial arrangements.

The whole problem must be viewed in the light of the vital need to build up the strength and economy of Western Europe: in that object the sterling area countries were partners with the United States and with Canada. There would be inconveniences and sacrifices for all, but without these Western Europe could not be saved: even with them, its salvation could not be certain. If Western Europe were to fall a victim to communism, the economic recovery of the United Kingdom would be in jeopardy.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Canada formed a distinct and necessary part of the pattern, both as a link with the dollar area and as a large supplier of food-stuffs and raw materials. The help of the dollar countries was vital to Western Europe and the sterling area over the next four years at any rate.

The real picture might be thus described. A rather feeble Western Europe, exhausted by war, was the key-point of danger in the world to-day, and we must all—the sterling area, the United States and Canada—combine to play our part in supporting and strengthening the economy of Western Europe; otherwise we should lose the world struggle against communism and totalitarian domination.

MR. NORMAN ROBERTSON said there was a distinctive Canadian point of view on these matters which had already been fully discussed between Canada and the United Kingdom.

DR. EVATT said he was sure that Mr. Chifley, had he been present, would have welcomed the notable achievement disclosed by the paper which Sir Stafford Cripps had so admirably expounded and also by the reduction in the drain on the sterling area reserves for the third quarter of 1948. Other Commonwealth nations had made a substantial contribution to this achievement. Australia, for instance, which had in 1947–48 imported from the dollar area goods to the value of $263 million was for the current financial year importing only some $190 million worth. There were various detailed questions on which he would like to consult his advisers. He would then give notice of these points with a view to their later discussion. Meanwhile he would observe that we were faced with the paradoxical situation in which we wanted to expand trade with the United States and at the same time to reduce imports from that country. As for Western Europe, the difficulties there were not merely economic but also political. In conclusion he offered the congratulations of Australia on the achievement of the United Kingdom Government, not only for their planning but also for the courageous fashion in which they had kept the British people informed of the facts and needs of the situation.

MR. FRASER, in agreement with Dr. Evatt, said that the results surpassed the world's expectations and justified considerable optimism about the economic future of the United Kingdom and of the Commonwealth. He had as yet had no opportunity for detailed study of the papers, but he had been much helped by Sir Stafford Cripps's clear exposition.

There were one or two matters particularly affecting New Zealand which he would like to discuss after considering them further, *e.g.*, the question of a Western Customs Union and the effects on New Zealand of the bilateral agreements.

MR. LOUW said that South Africa was watching with interest and sympathy the efforts of the United Kingdom Government to restore the economic damage suffered during the war, and was impressed with the determined manner in which the problem was being tackled. Most impressive of all was the spirit of sacrifice in which this task was being approached. South Africa in her turn was beginning to realise what an adverse balance of trade meant. Her gold reserves had been dangerously depleted and the Government had recently been obliged to reduce the level of their minimum reserves. If this continued, import control might have to be considered. The principal means of correcting the adverse balance would be increased production, particularly of gold, but here South Africa was suffering the same difficulty as the United Kingdom, namely, dearth of capital goods, particularly steel and machinery. He had been informed by those responsible for gold production in South Africa that, without large quantities of steel and machinery, it would be very difficult to develop the new gold fields in the Orange Free State, which promised to be particularly rich in high-grade ore. If South Africa were to co-operate in the work of rehabilitating the economy of Western Europe—a work whose importance the South African Government fully realised—they must have help of this kind. He was glad that Sir Stafford Cripps had emphasised the danger that an economic failure in Western Europe would mean a victory for communism. Finally, he stressed South Africa's appreciation of the difficulties of the United Kingdom, citing as an example the gold loan granted by the previous Government with the full concurrence of the then Opposition.

PANDIT NEHRU said that it was difficult at short notice to draw the lessons for India from this complex statement of the economic position. He had

followed with interest and admiration the efforts of the United Kingdom Government to deal with the economic situation and had drawn inspiration from them. The object for India seemed to be to avoid the extremes of inaction and of wrong action, and a socialised economy on a carefully planned basis seemed the only safeguard against economic disaster. India was industrially undeveloped and her Government's chief object must be to increase production, particularly by means of industrialisation. From the larger point of view, it was exceedingly important that industrially backward areas should be developed. Accordingly, although the resuscitation of Western Europe was vital, attention should also be turned to parts of the world which were capable of fairly rapid development, but had not been developed in the past. India would like to get capital goods from the sterling area, but her need of them was so great that she must resort to the United States if she could not get what she wanted elsewhere. It was necessary for India to organise and increase production. Only so could recurring crises be avoided with their fruits of despair, frustration and chaos.

MR. LIAQAT ALI KHAN said he wished to join in the tributes to the United Kingdom Government and people, and to their undoubted achievements in the economic field. A number of important matters in Sir Stafford Cripps's statement would require further examination. At this stage he would make the point that Pakistan, though rich in natural resources, was backward industrially. All the hopes of her people depended on industrial development. Following the policy described by Sir Stafford Cripps, Pakistan was securing all possible equipment from the sterling area, but a country of more than 80 million people, with a high density of population, must industrialise quickly; and it was not possible, if progress was to be made, to limit purchases to the sterling area. Pakistan's prospective balance of trade, if not very favourable, was certainly not adverse. Sir Stafford Cripps had mentioned the shortage of labour in the United Kingdom. Would it not be possible to invest capital in other parts of the Commonwealth where labour was plentiful? Such a step would benefit the Commonwealth as a whole, as well as assisting to industrialise countries which needed it. There was great force in Sir Stafford's statement that the economic condition of Western Europe must be improved, but if we desired peace and progress, development must not be confined to certain areas only.

MR. SENANAYAKE associated himself with the tributes which had been paid to the United Kingdom Government and people. Ceylon wanted to play her part in the common efforts to meet the economic problems of the sterling area. Ceylon was, in fact, at present a net dollar earner, but it was uncertain how long that situation would last. Much depended on certain raw products: tea and coconut production were flourishing, but rubber production had become precarious. Ceylonese home food production sufficed for only one-third of her requirements: it could not be increased without capital goods. Ceylon would like to buy these from sterling countries but could not wait until they were ready to supply. Delay would not only affect Ceylon's prosperity but would also give the Communists their opportunity.

SIR GODFREY HUGGINS said that he had been much encouraged by Sir Stafford Cripps's statement. Southern Rhodesia's greatest need was for more capital goods. Though the restrictions suffered by her people were lighter than those applied in the United Kingdom, they would bear comparison with those current elsewhere, and they had been courageously accepted.

MR. ATTLEE expressed his appreciation of these statements. The Government and people of the United Kingdom were deeply grateful for the help which had so generously been given by other Commonwealth countries. It was true that all Commonwealth countries had more or less the same problems and the same interests, but the assistance rendered by them to the United Kingdom went far beyond anything which those interests alone would have justified. He thought that to-day's opening discussion on economic matters had been useful and suggested that a fuller and more detailed discussion might be held on 13th October. Delegations might inform the Secretary in advance of the particular topics which they would then wish to raise.

2. Second Press Communiqué

The Meeting approved the substance of the communiqué to be given to the Press describing the afternoon's discussion.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C 224288

3. Hospitality

MR. ATTLEE read a message from the Chairman and Members of the London County Council. In deference to the known wishes of Commonwealth Ministers, the Council were refraining from pressing hospitality on them. Nevertheless, if it proved possible, the Council would be glad to receive Ministers, *e.g.*, at a luncheon which the Council were giving on 27th October to some of the leading delegates of the Empire Parliamentary Association.

Cabinet Office, S.W. 1,
11*th October*, 1948

C 224289

SECRET

P.M.M. (48) 3rd Meeting

MEETING OF PRIME MINISTERS

MINUTES of the Third Meeting held at 10 *Downing Street, S.W.* 1, *on Tuesday,* 12*th October*, 1948, *at* 11 *a.m.*

Present:

The Right Hon. C. R. ATTLEE, M.P., Prime Minister of the United Kingdom (*in the Chair*).

UNITED KINGDOM

The Right Hon. ERNEST BEVIN, M.P., Secretary of State for Foreign Affairs.

The Right Hon. Sir STAFFORD CRIPPS, K.C., M.P., Chancellor of the Exchequer.

The Right Hon. A. V. ALEXANDER, M.P., Minister of Defence.

The Right Hon. HUGH DALTON, M.P., Chancellor of the Duchy of Lancaster.

The Right Hon. VISCOUNT ADDISON, Lord Privy Seal.

The Right Hon. A. CREECH JONES, M.P., Secretary of State for the Colonies.

The Right Hon. P. J. NOEL-BAKER, M.P., Secretary of State for Commonwealth Relations.

The Right Hon. J. H. WILSON, M.P., President of the Board of Trade.

The Right Hon. E. SHINWELL, M.P., Secretary of State for War.

Mr. P. C. GORDON-WALKER, M.P., Parliamentary Under-Secretary of State for Commonwealth Relations.

The Right Hon. MALCOLM MACDONALD, Commissioner-General for South-East Asia.

Marshal of the Royal Air Force the LORD TEDDER, Chief of the Air Staff.

Admiral LORD FRASER OF NORTH CAPE, First Sea Lord and Chief of Naval Staff.

Lieut.-General G. W. R. TEMPLER, Vice-Chief of the Imperial General Staff.

Lieut.-General Sir LESLIE C. HOLLIS, Chief Staff Officer to the Minister of Defence.

Sir ERIC MACHTIG, Commonwealth Relations Office.

Mr. S. L. HOLMES, Board of Trade.

CANADA

Mr. NORMAN ROBERTSON, High Commissioner for Canada in London.

M. JULES LEGER.

Mr. ROBERT FORD.

AUSTRALIA

The Right Hon. H. V. EVATT, K.C., Deputy Prime Minister.

The Right Hon. J. A. BEASLEY, High Commissioner for Australia in London.

Professor K. H. BAILEY.

Dr. H. C. COOMBS.

Mr. P. R. HEYDON.

Mr. PATRICK SHAW.

NEW ZEALAND

The Right Hon. PETER FRASER, Prime Minister of New Zealand.

The Right Hon. W. J. JORDAN, High Commissioner for New Zealand in London.

Mr. A. MCINTOSH.

SOUTH AFRICA

The Hon. E. H. LOUW, Minister of Mines and Economic Affairs.

Mr. LEIF EGELAND, High Commissioner for South Africa in London.

Mr. W. C. NAUDÉ.

Major-General W. H. E. POOLE.

INDIA

PANDIT JAWAHARLAL NEHRU, Prime Minister of India.

Sir GIRJA BAJPAI.

PAKISTAN

Mr. LIAQAT ALI KHAN, Prime Minister of Pakistan.

Sir ZAFRULLAH KHAN, Minister for Foreign Affairs.

Mr. MOHAMMAD ALI.

Mr. G. AHMAD.

36003—2

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

CEYLON
Mr. K. VAITHIANATHAN.
Mr. R. G. SENANAYAKE.
Mr. N. W. ATUKORALA.

SOUTHERN RHODESIA
The Hon. T. H. BEADLE, Minister for Internal Affairs.
Mr. A. D. CHATAWAY.

Secretariat
Sir NORMAN BROOK.
Sir GILBERT LAITHWAITE.

CONTENTS

Minute	*Subject*	*Page*
1	Attendance	2
2	Field-Marshal Smuts	2
3	Foreign Affairs	2

1. Attendance

MR. ATTLEE said that all Commonwealth Ministers would be gratified to know that Mr. St. Laurent was coming to London to represent Canada at the meeting, and would arrive before the end of the week.

Sir Godfrey Huggins was unwell and would be unable to attend that day's meetings.

Mr. Senanayake was also unable to attend the morning meeting.

2. Field-Marshal Smuts

The meeting invited Mr. Attlee to send a message on their behalf to Field-Marshal Smuts expressing their deep sympathy with him and Mrs. Smuts at the death of their son.

3. Foreign Affairs

MR. ATTLEE invited Mr. Bevin to open a discussion on Foreign Affairs, with special reference to the Middle and Far East. Two relevant papers had been circulated :—

P.M.M. (48) 6 on Japan and P.M.M. (48) 7 on Malaya.

MR. BEVIN said that the primary aim of his foreign policy was to create conditions in which the economic life of the world could go forward in peace. When he had assumed office in 1945 the prospects were not encouraging. The situation in Germany seemed almost impossible of solution. His forebodings about the future of Eastern Europe had quickly been fulfilled. Which of the nations of Europe would be able to regain their independence and economic viability? This opportunity seemed to be denied to all save those on the outer crust of Europe, namely, the Scandinavian countries, Turkey and possibly France—though the internal situation of the latter was so critical that there were moments of doubt about her future. The United Kingdom was bound to do her utmost to help these European countries, not only because of her historical and cultural associations with them, but because Europe's future must have a powerful effect on the future of the Near and Middle East or, as he termed it, the "middle planet." He recognised that among these nations of the "middle planet" there were divergencies of creed, race and outlook, but there was a basic similarity in their approach to world problems which, if it could be organised on the basis of a mutual understanding and trust, would create an equilibrium between the United States on the one hand and Russia on the other. These two great Powers represented rival ideologies and had very different standards of living. Between them was the United Kingdom, with her ties with the Commonwealth and with Europe. Here was an opportunity for peace-loving nations to prevent the middle of the world from becoming embroiled in a conflict and to exert their influence in preserving world peace.

The Soviet Union was apparently determined to achieve her ends by all means short of war. Her method was to break down national Governments and political systems from within. If she found that this was meeting with too strong a resistance in Europe, she would turn elsewhere. There were signs that she was beginning to do so, by reason of the steps taken to organise effective military and economic co-operation between the countries of Western Europe.

Recent events in Indonesia, Burma and Malaya had not therefore come as a surprise. Russian methods were a cheap means of warfare, particularly as many countries did not realise the danger until it was too late. If the Commonwealth countries stood together on the basis of a common understanding of their economic and political interests, he believed that an equilibrium could be secured and a long period of peace assured. The alternative was a conflict of ideologies which might lead to war, or at least to a prolonged period of tension.

The United States Government understood this approach to world problems. It was their policy to support the reconstruction of nations devastated by war wihout seeking to subordinate them to United States influence. In the period immediately after the end of the war the United States might have been prepared to seek agreement with the Soviet Union on the basis of spheres of influence. After the Moscow Conference of 1945 their attitude had changed and they had turned to the policy of supporting an association of the remaining nations of the world.

Soon afterwards an acute situation had arisen in Persia. The Four Powers had previously agreed that foreign troops should be simultaneously withdrawn from Persia on 2nd March, 1946. The British and American forces were withdrawn on that date. The Tudeh Party, the agents of Communism in Persia, then promoted internal disorder throughout the country and raided the refineries at Abadan. It was not until we took military precautions to defend our interests that Russia, realising the prospects of conflict, withdrew her forces. Since then, the internal affairs of Persia had been administered in comparative quiet through the constituted authority of the Majlis.

Since the end of the war Turkey had maintained a steady independence in the face of Russian pressure. Russia had claimed two of her northern provinces in order to give access behind Turkey into Iraq. This move, coupled with the pressure on Greece, had been designed to force Turkey into the position of a Russian satellite. The United Kingdom Government, in the face of much criticism, had upheld the independence of Greece and Turkey, and had thus helped to frustrate these designs, which would have brought serious threats to the integrity of the Middle East.

The countries of the Commonwealth had strong economic and political interests in preserving the integrity of the Middle East. Its economic importance was evident from the statement made by the Chancellor of the Exchequer at the meeting on the previous day. The development of Persian oil supplies was particularly important. It was the policy of the United Kingdom Government to ensure that this development was pursued without any exploitation of the workers; and great progress had been made in recent years in improving the housing, welfare facilities, hospitals and social services for the employees at the oil installations at Abadan. Politically, the Middle East was of vital importance to the Commonwealth as the bridge between east and west and a centre of Commonwealth communications.

Since the end of the war, however, there had been difficulties with Middle East countries. Negotiations with Egypt over the revision of the Anglo-Egyptian Treaty of 1936 had been prolonged and so far unsuccessful. A fresh approach was now being made to overcome these difficulties. Although Egypt, like other countries of the Middle East, was potentially rich, the standard of living of the majority of the population was too low. It was an object of United Kingdom policy to remedy this. For this purpose we had established a Middle East Office and concentrated there a team of technical experts on water supply, irrigation, transport and agriculture whose services were available to all the Middle East Governments. They had made many investigations and several of their projects were under way. The United States had also been interested in these possibilities of economic development in the Middle East. For example, if a relatively small scheme for the irrigation of the Euphrates could be undertaken, a population of 10 or 15 million could be supported in Iraq with an improved standard of life and the country's economy would not be dependent exclusively on oil. This attitude towards economic development and co-operation had been the basis of the approach to the revision of the Anglo-Egyptian Treaty. The United Kingdom Government had advocated the creation of a Middle East Defence Board which

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

would have removed the need for occupation forces in each country and would have enabled the Middle East countries to approach their defence problems jointly. Unfortunately, this approach had been rejected, but we were still pursuing by all possible means the economic and cultural projects which might provide the foundation for future co-operation.

The United Kingdom Government were anxious to secure a trusteeship of Cyrenaica. This would enable us to reduce our commitments in Egypt, and at the same time to secure a firm base from which to protect our vital interests in the Mediterranean and the Middle East.

In Palestine the United Kingdom Government had worked hard to find a solution acceptable to both Jews and Arabs, but they had in the end been forced to the conclusion that it was impossible to find such a solution within the terms of the Mandate. They had therefore decided to surrender the Mandate and to refer the problem to the United Nations. When the British troops were withdrawn, King Adbullah marched in, as was now understood, with the intention of occupying only those portions of Palestine which were allotted to the Arabs under the United Nations plan; but the Stern Gang had started a battle in the old quarter of Jerusalem and King Adbullah's troops were drawn into the fighting. The Egyptian and Syrian forces, on the other hand, seemed to have intended from the first to occupy as much of Palestine as they could. From this stage onwards the main object of the United Kingdom Government was to bring about a truce, and in this they had been successful, as they were later in their proposal for the appointment of a mediator by the United Nations. Count Bernadotte's assassination was a most deplorable outrage. As to the future, it was the view of the United Kingdom Government that Count Bernadotte's plan now offered the best method of approach to the problem, and they were therefore lending it their support. Mr. Bevin doubted whether the Arab States could ever accept any solution which recognised the existence of a Jewish State in Palestine, but he did believe that they might acquiesce in Count Bernadotte's plan if the behaviour of the Jews was not too aggressive. Once the Palestine problem was settled, he believed that the peace-loving countries of east and west could collaborate in bringing peace and prosperity to the whole of the Middle East.

In Indonesia the United Kingdom Government had at the outset adopted a policy of mediation. It was a matter for great regret that a settlement had not been reached on the basis proposed by Lord Inverchapel and later by Lord Killearn. The Dutch had been warned of the importance of reaching an early settlement, while Communist efforts were concentrated on Europe: they had not heeded that warning and Communist intervention in Indonesia had now matured. Now at last there seemed to be some prospect of a settlement between the Dutch and the Indonesian Government. It was understood that the only point now outstanding was the date on which elections should be held. The Dutch were reluctant to agree to their being held as early as January or February next, since the recent Communist disturbances had created conditions unsuitable for the early holding of a free election. Mr. Bevin said that in recent conversations in Paris he had done his best to ensure that differences over this question of timing should not frustrate the hopes of an early settlement.

The United Kingdom had hoped that the grant of independence to Burma would conduce to internal stability. This hope had not been realised, and internal unrest in Burma not only disturbed international relations, but also threatened the standard of life of the many millions of people who depended upon her exports of rice. It was the rice situation which had led him to send Lord Killearn to South-East Asia in 1945 to create an organisation which would assist in preventing famine and restoring economic stability. This organisation had achieved useful results, and food supplies throughout the area had been greatly improved during the last two years. The present situation in Burma might, however, have very serious results.

Conditions in South-East Asia generally were so unsettled and future prospects so uncertain that Commonwealth countries might ask themselves what they could do to help towards its pacification. He would like to throw out the suggestion, for consideration by the other Commonwealth representatives at the meeting, that, without interference of any sort in the internal affairs of countries in South-East Asia, there should be some regular means of consultation between Commonwealth countries interested in that area with the object of helping to put the political and economic life of countries in South-East Asia on a firm footing, based upon internal stability and freedom from the menace of Communist attacks. This would in turn lead to a high standard of life for the peoples of the countries concerned. He was not suggesting any elaborate machinery—indeed, he had not

worked out any detailed proposals. He did, however, think that an understanding approach to the problem by all interested Commonwealth Governments would have a most salutary effect in South-East Asia.

This was an area which was of special interest to India, Pakistan and Ceylon; and their recent attainment of independence meant that their collaboration in such an approach would be of special value and influence.

With regard to Japan, Mr. Bevin said that a summary of the position was given in P.M.M. (48) 6. Since the Canberra Conference of 1947 the United Kingdom and the other Commonwealth Governments there represented had been ready to discuss a peace treaty. He was, however, inclined to the view that the United States were now coming to think that Japan should be regarded no longer as a potential enemy, but as a potential ally in the event of war with Russia. Thus, in the negotiations for the European Economic Co-operation Agreement he had been pressed to agree to a most-favoured-nation provision in favour of Japan. He had resisted this and had informed the United States Government that, though the question must be discussed, it should be dealt with as a separate issue after the United Kingdom Government had had an opportunity of discussion with the other countries of the Commonwealth. The United States also seemed inclined to abandon all control of the Japanese level of industry. It might well be that the United States would withdraw General MacArthur into a supervisory rôle, entrust the substance of power to a Japanese Government and leave occupation forces at only a few points in the country. Such a move would stultify the Far Eastern Commission. Russian policy in Japan was following the familiar pattern. Although the meetings of the Far Eastern Commission were supposed to be secret, the Russians had now begun to publish excerpts giving versions of discussions in the Commission designed to show that the United States were attempting unjustly to hold Japan down.

If this reading of the situation were correct, all the Commonwealth countries must review their policy towards Japan, and the time had come for the Commonwealth countries to take counsel together on this question.

In China the situation seemed to be almost hopeless. There had recently been a reform of the currency; but the Central Government was growing weaker and the Communists stronger. There might be a repetition of the situation in the 1920's, when autonomous Provincial Governments and independent war-lords had reduced the country to a state of chaos. Mr. Dewey, in his speech at Salt Lake City on 30th September, had declared that the United States would not desert her old friend China, and would do everything possible to strengthen her Government. Mr. Bevin could, however, see little prospect of success for whatever efforts the United States might make to help the Central Government. China might once more be united, but only after a long lapse of time.

Dr. EVATT thanked Mr. Bevin not only for the detailed account he had given but also for making so clear the broad sweep of United Kingdom foreign policy. This, he noted, went hand in hand with the economic policy which Sir Stafford Cripps had described on the previous day and involved a new approach to the proplems of overseas policy and a new attitude towards dependent peoples. This new policy, although often subject to party political criticism, must in the end succeed.

In the Middle East and in Asia the message of freedom and self-government had been substituted for the old "imperialist" policies. He fully endorsed the implication in Mr. Bevin's statement of the need, in any positive plan, to give high place to economic questions, particularly the development of backward areas. The most efficacious weapon against communism was improvement of the living conditions of the people. Persia offered a striking example of this. The presence at this meeting of representatives of three new independent members of the Commonwealth showed how earnestly the United Kingdom Government, notwithstanding criticism, had endeavoured to put its principles into practice. Now that these countries were sovereign and self-governing nations, Australia for her part found a better basis of friendship and a greater sense of security. The troubles in Indonesia were due partly to the slowness of the Dutch in granting full self-government to the Indonesians. The story of Indonesia was that of a people waking to nationhood and demanding responsible self-government. Though the Netherlands Government had specially grave difficulties to contend with because of Holland's dependence on Indonesia's resources, the present troubles were accentuated by failure to execute agreements after they had been made and to apply quickly the principles on which the United Kingdom Government had so promptly acted. However, from his recent conversations in Holland, he had some reason to hope that the whole issue might now be settled without further delay.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C 224294

In Palestine, he believed that the ultimate aim must be to achieve economic unity. For the present, however, political separation was inevitable as Jews and Arabs would not work together. It should be clearly understood that Count Bernadotte's suggestions were based on political partition in line with the United Nations decision of last year.

No international problem could at present be handled in isolation. All were dominated by the acute tension between the United States and Russia. Japan was an illustration of this. At Canberra a year ago all the Commonwealth countries had been of one mind. The United States Government had at that time proposed an early peace conference. Shortly afterwards, however, they withdrew that proposal. If the relations between the United States and Russia had not been so strained, there would have been no difficulty in making a peace treaty for Japan: the heads of such a treaty were in fact already settled in principle. The United States might now be thinking of Japan as a possible ally in a future war with Russia. This was a view which must be treated with special caution by the Pacific countries: whether it was wise called for nice judgment of Japan's future policy. The war trials suggested that there had been little real change of heart on the part of the Japanese. He knew that General MacArthur was still anxious for the conclusion of a peace treaty but it did not follow that his view was entirely shared by the United States Government. The Japanese people could not be permanently held down to an artificially low standard of life. Australia did not wish to be dogmatic about the level of Japanese industry, but the method by which the Japanese economy was restored must be watched: Japan must not be allowed to establish a dangerous war potential. The United States were inclined to proceed on the assumption that they could alone determine the future of Japan. This was an assumption which the Commonwealth nations could not accept. Australia and other Commonwealth countries had done much to contribute to the defeat of Japan and were vitally concerned in discussions about her future.

Dr. Evatt said that Australia was anxious to continue and extend all forms of consultation in the Commonwealth, instancing the importance of such consultation on the problems of South-East Asia, Japan and Europe.

PANDIT NEHRU said that when allusion had been made on the previous day to the Communist threat in Western Europe he himself had felt that Asia was at least as important. In the issue of peace or war, Asia, and particularly its newly independent nations, would carry great weight. It was important, therefore, that the world should look at Asia in its proper perspective and that there should be a full understanding of the main forces at work there.

Asia was now going through the phase which Europe had passed through three generations ago. Nationalism was now a very great force to be reckoned with. There had been three competing ideas—nationalism, imperialism and communism. Originally, communism had supported nationalism, as championing the underdog, against imperialism; and it had then been welcomed in Asia by many people who lacked any genuine understanding of its economic doctrine or its international implications. When, however, imperialism was removed in a country which had attained its independence, communism then came into conflict with nationalism; and when this conflict became apparent, communism had no hold on Asian peoples.

Thus the Governments of both Burma and Indonesia, though Leftist, had found themselves in conflict with the Communists. The people might for a time retain some sympathy for communism, for people were slow to adapt themselves to the idea that imperialism was in fact largely a thing of the past. Moreover, people in Indonesia had been astonished at the dilatoriness of the Dutch Government in giving effect to self-government, and they had entertained some hostility towards the Governments of the United States and the United Kingdom because they believed that the Dutch must be receiving support from those Governments. Pandit Nehru said that he could not but feel that the United States, in pursuing material advantage, had lost its dominion over people's minds, which was of much greater importance. He suggested that an anti-Communist appeal was not likely to succeed with Asian peoples, in view of the extent to which Communists had in the past supported legitimate Nationalist aspirations. Asian peoples had, however, no sympathy for Russian expansionist policies; and publicly drawing attention to the dangers of Russian encroachment upon Asia would be much more likely to be effective. In most countries in Asia people would in the long run be influenced mostly by their indigenous outlook and culture. Communism might carry weight if it came in support of nationalism and the underdog; but there would be no welcome for Slavism and communism of a specifically Russian

C224295

brand. As long as there were other forces championing nationalism and the betterment of living conditions, the ground would be cut from under the feet of the Communists.

In India some years ago many people had been friendly to communism. To-day the Communists, though well organised, were only a small party and lacked strength because they had divorced themselves from Nationalist feeling. They had only won five seats out of about 500 in the election and were not likely to win any more. As long as nationalism remained allied with the forces of progress, communism might make mischief in India, but could not have any vital influence on the trend of events.

As regards Japan, Pandit Nehru said that it was difficult to predict the future, but he agreed that it was possible that Japan might again become militaristic. He doubted, however, whether any policy of permanent repression would succeed. The Japanese were virile, disciplined and industrious people, who could not be suppressed for long. If the Japanese had reason to fear a long period of repression, it would be difficult to influence their minds in the right direction. Military disarmament was, of course, necessary, but the long-term control of industry in Japan was not practicable. Moreover, it was not expedient, since Japanese goods were wanted in the world and, what was even more important, the effect on Japanese minds would be most harmful.

Turning to the general strategic situation, Pandit Nehru emphasised that India, by her geographical position, was vitally interested both in the Middle East and the Far East. She was particularly interested in South-East Asia, and both Indonesia and Burma had sought her counsel. The future would bring her into even closer contact with South-East Asia and with Australia and New Zealand, and a regional understanding on a broad basis between all these countries was most desirable. It was important, therefore, that in surveying the larger world picture, account should be taken of any regional understandings reached in South-East Asia and the Pacific, so that there should be no conflict between the policies agreed in these regions and those envisaged in a larger world perspective.

As regards Malaya, Pandit Nehru awaited with interest the statement of Mr. Malcolm MacDonald. The difficulties of Malaya were enhanced by the population question; there were more Chinese than native Malays and communism had its main hold among the Chinese. Yet communism could not succeed in Malaya unless it could also play on the economic discontent of the Malay labouring classes. It must be admitted that conditions of labour on the estates in Malaya had often been very bad, and during the war there had been occasions on which labourers had been fired on by troops. All this had won support for the Communists among the labouring classes, who could be won over only by political reform and the betterment of their economic conditions.

The discussion was then adjourned until the afternoon meeting.

Cabinet Office, S.W. 1,
12*th October*, 1948.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C 224296

SECRET

P.M.M. (48) 4th Meeting

MEETING OF PRIME MINISTERS

MINUTES of the Fourth Meeting held at 10 *Downing Street, S.W.* 1, *on Tuesday,* 12*th October,* 1948, *at* 3 *p.m.*

Present:

The Right Hon. C. R. ATTLEE, M.P., Prime Minister of the United Kingdom (*in the Chair*).

UNITED KINGDOM

The Right Hon. HERBERT MORRISON, M.P., Lord President of the Council.

The Right Hon. ERNEST BEVIN, M.P., Secretary of State for Foreign Affairs.

The Right Hon. Sir STAFFORD CRIPPS, K.C., M.P., Chancellor of the Exchequer.

The Right Hon. A. V. ALEXANDER, M.P., Minister of Defence.

The Right Hon. HUGH DALTON, M.P., Chancellor of the Duchy of Lancaster.

The Right Hon. VISCOUNT ADDISON, Lord Privy Seal.

The Right Hon. A. CREECH JONES, M.P., Secretary of State for the Colonies.

The Right Hon. P. J. NOEL-BAKER, M.P., Secretary of State for Commonwealth Relations.

The Right Hon. J. H. WILSON, M.P., President of the Board of Trade.

The Right Hon. E. SHINWELL, M.P., Secretary of State for War.

Mr. P. C. GORDON-WALKER, M.P., Parliamentary Under-Secretary of State for Commonwealth Relations.

The Right Hon. MALCOLM MACDONALD, Commissioner-General for South-East Asia.

Marshal of the Royal Air Force the LORD TEDDER, Chief of the Air Staff.

Admiral LORD FRASER OF NORTH CAPE, First Sea Lord and Chief of Naval Staff.

Lieut.-General G. W. R. TEMPLER, Vice-Chief of the Imperial General Staff.

Lieut.-General Sir LESLIE C. HOLLIS, Chief Staff Officer to the Minister of Defence.

Sir ERIC MACHTIG, Commonwealth Relations Office.

Mr. M. E. DENING, Foreign Office.

Mr. M. R. WRIGHT, Foreign Office.

Mr. S. L. HOLMES, Board of Trade.

CANADA

Mr. NORMAN ROBERTSON, High Commissioner for Canada in London.

M. JULES LEGER.

Mr. ROBERT FORD.

AUSTRALIA

The Right Hon. H. V. EVATT, K.C., Deputy Prime Minister.

The Right Hon. J. A. BEASLEY, High Commissioner for Australia in London.

Professor K. H. BAILEY.

Dr. H. C. COOMBS.

Mr. P. R. HEYDON.

Mr. PATRICK SHAW.

Mr. J. OLDHAM.

NEW ZEALAND

The Right Hon. PETER FRASER, Prime Minister of New Zealand.

The Right Hon. W. J. JORDAN, High Commissioner for New Zealand in London.

Mr. A. MCINTOSH.

SOUTH AFRICA

The Hon. E. H. LOUW, Minister of Mines and Economic Affairs.

Mr. LEIF EGELAND, High Commissioner for South Africa in London.

Mr. W. C. NAUDÉ.

Major-General W. H. E. POOLE.

INDIA

PANDIT JAWAHARLAL NEHRU, Prime Minister of India.

Sir GIRJA BAJPAI.

Mr. M. O. MATTHAI.

PAKISTAN

Mr. LIAQAT ALI KHAN, Prime Minister of Pakistan.

Sir ZAFRULLAH KHAN, Minister for Foreign Affairs.

Mr. MOHAMMAD ALI.

Mr. G. AHMAD.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

CEYLON

The Hon. D. S. SENANAYAKE, Prime Minister of Ceylon.
Mr. K. VAITHIANATHAN.
Mr. R. G. SENANAYAKE.
Mr. N. W. ATUKORALA.

SOUTHERN RHODESIA

The Hon. T. H. BEADLE, Minister for Internal Affairs.
Mr. A. D. CHATAWAY.

Secretariat

Sir NORMAN BROOK.
Sir GILBERT LAITHWAITE.

CONTENTS

Minute	*Subject*	*Page*
1	Foreign Affairs	2
2	Third Press Communiqué	8

---

1. Foreign Affairs

(Previous Reference: P.M.M. (48) 3rd Meeting.)

The Meeting resumed discussion of the statement on foreign affairs which had been made by Mr. Bevin earlier in the day.

MR. LIAQAT ALI KHAN associated himself with earlier speakers in thanking Mr. Bevin for his clear and comprehensive statement. There were in the world to-day two ideologies in conflict. He did not think that Russia would actually go to war; her method was that of internal disruption. Communism was not merely an economic programme, it was a mission. Russia regarded communism as the salvation of the world and she would make every effort to spread it. This was a menace to human liberty, which should be resisted by all who believed in the right of men to choose their own way of life.

Mr. Bevin had emphasised the importance of supporting Western Europe, both militarily and economically, in its resistance to the Communist menace. It was equally important to build up the economic and political strength of other countries to fight the Communist menace. He agreed that the Middle East was a necessary bulwark in this respect. The countries of the Middle East were already opposed to communism on ideological, religious and political grounds. It was therefore all the more important to assist them by building up their military and economic strength. Mr. Bevin had made no mention of the prevalence of communism in any Middle East country. It would be wise to ensure the continuation of this situation by affording every assistance towards improving the economic life of the peoples of the Middle East. This could best be done by developing the existing resources of these territories, which could be a valuable source of supplies for the rest of the world. Capital investment in the Middle East would yield a larger and quicker return than in most other countries of the world.

Mr. Liaqat Ali Khan said that he did not believe that the Arabs in Palestine would accept a Jewish State. It was not merely that they felt that part of their land was being taken away from them for the benefit of an alien people; they also felt that the existence of a Jewish State in Palestine would be a menace to the integrity and independence of the Arab world and would become a hotbed of Russian and Communist intrigue.

As regards the countries of South-East Asia, Mr. Liaqat Ali Khan thought that the objective should be to give freedom and independence to all. But even this essential first step would not be enough to stop the spread of communism there. It would be necessary to build up the economic strength of the countries of South-East Asia as well as those in the Middle East. Communism had triumphed in the past only where Governments were weak economically and militarily, and were thus open to undermining from within. Communism only joined hands with nationalism against the common enemy of imperialism. But once independence and freedom had been conceded the appeal of nationalism was diminished.

Eastern Pakistan, as the neighbour of Burma and China, was closely affected by the happenings in those two countries. The Pakistan Government considered that both these Governments should be helped in their fight against communism. Burma was at the moment in great difficulties. Her present Government was a leftist government, and yet communism appeared to be growing in strength. This was, he thought, because those who once adopted communism looked upon themselves as participating in a mission which could only be fulfilled when all countries had become Communist.

It would be a mistaken policy to try to hold the Japanese down indefinitely and to prohibit all economic progress. As Pakistan had made a substantial contribution towards the defeat of Japan, and as she would be closely affected by future developments there, she should be made a member of the Far Eastern Commission.

MR. FRASER thanked Mr. Bevin for his incisive analysis. He was impressed by Mr. Bevin's conception of a politically stable and economically viable Western Europe occupying a middle position and showing a middle way between the great rival ideologies of Russia and the United States. If it were possible to arrive at a lasting basis of European co-operation which would enable Europe to act as a balance in the world in favour of peace and democratic progress, he would be the first to welcome it. The Commonwealth countries should themselves seek to reach a common policy in this matter. He considered that the time might be ripe for a re-examination of Mr. Curtin's proposal for the creation of a Commonwealth Secretariat. New Zealand would, in any case, like to be assured that representations made by her as regards foreign policy would under any arrangement be seriously considered. This had not always happened in the past.

Mr. Bevin's suggestion for some sort of regional consultation on South-East Asia was also worthy of consideration. He certainly hoped that it would be possible for the nations of the Commonwealth to go forward together with other countries of like outlook on the basis of democratic progress. At the same time he thought that we should approach proposals for regional consultation with some caution. There were few problems which were purely regional. The problems of the South Pacific, which were of the closest concern to New Zealand, were also of concern to the United Kingdom and to Europe, just as much as the problem of Western European Union, for instance, was of close concern to New Zealand. He was fully in favour of consultation, but he would not like to see consultation on matters relating to a particular area confined to Commonwealth countries in that area. On Cyrenaica he felt sure that a United Kingdom trusteeship would prove acceptable to the local population.

He still hoped that it might prove possible to find a lasting settlement of the Palestine problem. Were there not possibilities in the economic development of the Arab areas, particularly by irrigation schemes? This would recompense the Arabs for the creation of the Jewish State.

He doubted whether Mr. Liaqat Ali Khan was right in assuming that communism had made no impression in the countries of the Middle East. His information was that communism had gained a secure foothold among the younger members of the Arab communities who were denied a proper opportunity to reap the fruits of the education which was now available to them. It was optimistic to think that any area was immune from the ravages of communism. He agreed with Pandit Nehru's analysis of the forces at work in the world. It was fantastic for Russia to maintain that she was threatened by the west. There was no such threat nor any question of the economic domination of Russia. The fact was that under Russian inspiration communism was becoming synonymous with aggression.

In the Dutch East Indies he had never been optimistic of a quick solution. The greatest hope lay in the Dutch getting away from an apparent policy of imperialism, and they now seemed to be alive to their responsibilities. Now that communism had appeared in Indonesia, the greatest hope lay in the two sides co-operating to establish some means of giving expression to local self-government on a democratic basis.

The problem in China appeared to be a straight choice between the government of Chiang Kai-shek and the forces of communism. The Commonwealth countries seemed to have no choice but to support General Chiang Kai-shek.

In Japan, he agreed that a policy of repression would be mistaken, but we need not think that Japan would be grateful to anyone for treating her lightly. The smaller nations of the Pacific still feared a recurrence of the Japanese menace.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

The choice was to subject Japan to a permanent and rigid supervision or to build her up only to a position from which she could not again threaten her neighbours. There was an urgent need for a conference on the future of Japan. He thought that every effort should be made to hold this conference as soon as the United States elections were over.

MR. NORMAN ROBERTSON said that he would leave the main statement of Canada's views to Mr. St. Laurent. He might, however, offer some comment on one point mentioned in the discussion, namely, the earlier attitude of the United States towards the Indonesian claim to self-government. This attitude did not represent any hostility towards the nationalist aspirations of the Indonesian people. At the end of the war the United States Government had been chiefly concerned to re-establish the economy of the Dutch East Indies as rapidly as possible. These territories could supply food and raw materials of which the world stood in urgent need. This consideration had perhaps led them to place too high a value on firm government and administrative efficiency at the cost of under-rating the importance of facilitating the progress of the inhabitants towards self-government.

MR. LOUW said that he welcomed the frankness of Mr. Bevin's statement. He would like to be equally frank in making clear the position of South Africa. South Africa was willing to discuss questions which were of common concern to herself and other Commonwealth countries. Although she was interested in a general way in the problems of the Far East and South-East Asia, she did not regard them at this stage as matters of common concern. If, of course, there developed from these countries a threat of war which might spread to the west, South Africa would wish to participate in any Commonwealth discussion of the situation. At this stage, however, he did not wish to comment on the problems in China, Japan, Indonesia, Malaya or Burma. The interest of the South African Government was centred more in the nations of the Middle East, in particular in what he might call the "keystone States" of Egypt and Cyrenaica. These countries were of special importance to Commonwealth communications, and they bordered on the Mediterranean, which was one of the seas of the African Continent. South Africa wished to keep on good terms with the Arab States.

He endorsed Mr. Liaqat Ali Khan's statement that communism was not just a political ideal or philosophy, but was a mission, or even a religion.

The South African Government had no desire to be drawn into the dispute between the Arab and Jewish peoples in Palestine. The previous Government of South Africa had recognised the State of Israel, and his Government did not intend to withdraw this recognition.

MR. ATTLEE invited Mr. Malcolm MacDonald, the High Commissioner for South-East Asia, to make a statement on the present position in Malaya.

MR. MACDONALD said that the population of Malaya was about 6 million, of whom rather more than 40 per cent. were Malays and rather more than 40 per cent. Chinese. Among the remainder, there was a large Indian population and comparatively small numbers of of Ceylonese, Eurasians and Europeans. In the Federation of Malaya (that is, the Peninsula with Penang) the Malays outnumbered the Chinese. If Singapore were included, the Chinese would perhaps slightly exceed the Malays.

In 1946 and 1947 the Communist Party in Malaya was a small but potent force. The total number of party members was something over 12,000, of whom 10,000 were Chinese, 2,000 Indian and only a few hundred Malays. The Communist Party had set itself out to exert influence by appealing to the under-dog, and much of what they alleged was true, for the economic condition of the workers in Malaya had been very low. They had also followed a policy of infiltrating into the trade unions, which were being formed with the encouragement of the Government, and had put themselves forward as the champions of the workers. By early 1947 they dominated more than 50 per cent. of the trade unions. They had also made an appeal to nationalism and gained a strong position in the left-wing groups and political organisations. To them their appeal had been to turn out the British and secure immediate self-government.

Though the Communists had made a successful start, they gradually lost their influence during 1947 as the Government got back into its constructive stride after the war, and started its attempt to bring all races in Malaya into partnership. On the economic side, Lord Killearn's organisation had secured an improvement in the supply of rice and a reduction in its price. Other measures were also set on foot for bettering the economic lot of the workers, *e.g.*, rises in

wages, improvements in housing and the establishment of democratic trade unions. On the political side, after consultation with the Malay rulers and the Chinese, Indian and other communities, the Government had produced a constitution for a Federation of Malaya which met the current demands of moderate opinion in all communities. A new constitution was launched for Singapore. Both these constitutions were far in advance of anything that had been expected before the war.

As a result, the influence of the Communists decreased in both the trade unions and the political groups, and by March 1948 the number of unions which the Communists controlled had fallen to 30 per cent. A more revolutionary element then obtained control of the Communist Party and there was a complete change of policy and tactics. The reasons for this change were, first, that the Communists were disappointed with the results of their earlier policy and felt that they were losing ground; and, secondly, that they had been stimulated to more aggressive action by Communists outside Malaya, *e.g.*, at the Calcutta Conference. The result of the new policy was a campaign of violence and aggression. An instrument lay ready to hand in the shape of those people (mostly Chinese Communists) who had taken to the jungle during the war and acted as a resistance movement. We had dropped arms to these people and many had remained in the jungle and kept their arms. The Communists launched in June their anti-imperialist and anti-European campaign. Among the first objectives of their attacks were the European managers of plantations and mines. They hoped that, when the steadying influence of the managers was removed, they would be able by intimidating the workers to stop production and produce economic chaos. They also attacked all others who resisted their attempt to seize the Government by force, among them many law-abiding Chinese.

The figures of those murdered since June were instructive. Of a total of 178, there were 138 Chinese, 16 Europeans, 13 Malays, 6 Indians, 3 Siamese and 2 Sakeis. Most of these were humble people. But the fact that 75 per cent. of them were Chinese suggested that we were faced with what was, in part, an overflow of the civil war in China between the Communists and the Kuomintang.

The Communists were working on a careful plan. They had hoped to gain complete control of various districts and then to proclaim these as "liberated areas." They had an administrative staff and an organisation already earmarked. By proclaiming such "liberated areas" they hoped to gain prestige and attract recruits. Later the "liberated areas" would expand and eventually combine: when the Communists had thus obtained control of the greater part of the country they would set up a central government and proclaim a Communist republic.

The main steps taken by the Government against the Communists were political, police and military measures: but the main reason for the Communists' lack of success was the fact that they obtained very little support from the people. This was no nationalist rising of a people demanding self-government, nor a demand by organised labour for workers' rights. Our policy since the war had in fact satisfied many of their present demands. As a result, the appeal of the Communists fell on hostile ears, and those who rallied to them were mostly alien Chinese. Here again figures were instructive. Of the 343 terrorists killed or captured since June, 332 were Chinese and of these the majority had not been born in Malaya, but were comparatively new immigrants who still retained a first loyalty to China. The Communists did get support from a few Malays; but the majority of these were again not native-born, but had recently entered the country illegally from Indonesia in order to foment trouble.

The Communist movement was therefore largely alien and had little support from the country. No political group had declared for it, and the United Malays National Organisation (which represented the majority of Malays) and other organisations had supported law and order through their representatives in the Legislative Councils. There had been no sympathetic strikes, even in those unions which had once been Communist-controlled. On the contrary, labourers in tin mines, plantations, &c., were working better than they had since the liberation and rubber and tin production were being maintained. The majority of Malays and Indians and all the Ceylonese, Eurasians and Europeans were anti-Communist and appeals for recruits for the regular police, the auxiliary police, special constables, &c., had brought in more volunteers than could be used. Among the Chinese also, a great majority were at heart anti-Communist, though many of them did not dare to say so. The smaller traders in particular were very timid, but it was hard to blame them since, living in remote villages, they were gravely exposed to the vengeance of the Communists. They mostly gave merely passive support to the Government and were sitting on the fence waiting to see if the

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C 224301

Government would win and give them personal security against Communist attacks.

It was reckoned that the Communists had not less than 3,000 and not more than 5,000 fighting men. They had been well supplied with arms and ammunition, but these were now running short. Their plan of campaign had definitely failed. They had not succeeded in declaring a single " liberated area " or in establishing any central directional control of the campaign. Each unit worked as an independent guerilla force without inter-communication, and they had little military strength. Nevertheless, it was going to be very difficult to root them out altogether, since they had two powerful allies, namely, the jungle, into which they could disappear completely, and the Chinese squatters who, during the Japanese occupation, had occupied pockets of land in the jungle. These areas were very difficult to police and the Communists could intimidate the squatters into supplying them with food. It had been estimated that it would take until next June to root them out entirely.

Mr. MacDonald said that the policy for destroying these Communist groups was of necessity partly repressive. He agreed warmly with Pandit Nehru that one could not get rid of the Communist menace by purely negative means and that a positive policy was necessary. On the economic side we had already fostered the trade unions, raised wage levels, started machinery for the settlement of industrial disputes, begun drafting a new labour code and improved social services. We were in fact trying to show that we were as much the champions of the workers as their own leaders. On the political side, we must show that we were ready to do everything possible to help the people to realise their natural aspirations for self-government. This would not be easy to achieve in Malaya, because of the communal problem and the many conflicting interests. But it was our task to get the peoples of Malaya to co-operate and make themselves fit to be masters of their own affairs. This double principle of economic improvement and political advancement, which Mr. Bevin had enunciated, ought also to be applied in the rest of South-East Asia, where relics of imperialism remained. One must try to persuade the Dutch in Indonesia and the French in Indo-China that this was the only way to defeat the Communist appeal to the economically and politically under-privileged.

PANDIT NEHRU asked for particulars of the communal conflicts in Malaya to which Mr. MacDonald had referred.

MR. MACDONALD said that there were serious conflicts latent, chiefly between the Chinese and Malays because of their almost exactly balanced numbers. Each was afraid of domination by the other once self-government was attained. It was a crucial problem of the present administration to persuade these two communities to learn to live and work together. Communal feeling against the Indians was not so acute, because they numbered only some 10 to 14 per cent. of the whole population.

MR. SENANAYAKE after expressing regret at having been obliged to miss Mr. Bevin's statement of the morning, referred to the peculiar difficulties of Ceylon. Her great desire to help in establishing peace and democratic institutions throughout the world was frustrated by uncertainty about her position. The United Nations had been established with the two main purposes : to bring peace to the world, and to prevent the formation of power groups. There was now less confidence in the United Nations, since it was already generally recognised that two power groups existed with differing ideas and aims. The Commonwealth had always stood for peace and for improving the condition of the people. The present meeting must devise means for protecting both the Commonwealth and the world at large. Ceylon, however, excluded as she was from the United Nations, was in doubt how best to contribute to this object. This made it difficult for her to suggest a solution for the problems of international affairs.

Ceylon was, as it were, surrounded by volcanoes which might erupt at any moment. There must be one main concern : to secure the peace and prosperity first of the Commonwealth, and secondly of the rest of the world. But it was difficult to see how Ceylon's policies should fit in with that general principle. He must emphasise that any solution of the problem of the Communist revolution against peace must be a common one. If that were accepted it followed that, if it were indeed necessary to meet to discuss the danger from Russia, the peace-loving nations should cease to associate with Russia. He did not say this because Russia had vetoed Ceylon's application for membership of the United Nations. It was possible that Russia desired to create a separate group of nations. If the

C224302

original object of the United Nations had been to prevent such separate groupings, then the present fissure in the Organisation was frustrating that primary object. If, on the other hand, Russia proceeded as she was now doing in numerous countries, then, unless the Commonwealth Nations stood together, the stage would soon be reached of revolution and war throughout the world. It was necessary to work with a high sense of mission : merely to draw up formulæ, which left each Power to pursue its own course, was to evade and not to solve difficulties and only led to further trouble.

As for Malaya, the course of affairs there, as described by Mr. MacDonald, could be paralleled throughout South-East Asia. It was not the Communists who had the real hold over the people, but economic conditions which made the people turn to the Communists. The policy of economic improvement and opportunities for progressive self-government described by Mr. MacDonald would, if applied elsewhere, equally lead to the defeat of the Communists. This was certainly true of Ceylon. Her resources were sufficient to allow of great improvement in economic conditions, and communism appealed, not as an ideology, but only in so far as it allied itself with nationalism or a desire for economic improvement.

MR. BEVIN, replying to the discussion, said he was grateful for the views which had been expressed and particularly for the psychological factors which had been made plain.

Taking up a point made by Mr. Fraser, Mr. Bevin said he was not anxious to see too much elaborate machinery for Commonwealth consultation. He was much more anxious to devise some means of establishing a common understanding of general trends of policy, in the light of which particular problems might be approached. This was a question which he hoped Mr. Fraser would particularly consider before foreign affairs were next discussed. The Commonwealth countries had emerged into self-governing Powers and it was necessary to collect the opinions of all and then to try to reach a solution which summarised the total view—not necessarily to the satisfaction of each country but certainly after each view had been taken into account. The correct solution need not always be a compromise : it was more important that it should follow a consistent and coherent trend.

A point which was now causing him acute anxiety was that every discussion on international problems came back in the end to a decision by three—sometimes perhaps two—Great Powers. There was always a tendency to try to adopt a solution satisfactory to those Powers alone. This had arisen acutely in the case of the Japanese peace treaty. He had been under great pressure to agree that this treaty should be settled by five Great Powers only to the exclusion of many others—for example, New Zealand, India and Pakistan—who were vitally concerned and who would resent being asked to accept a *fait accompli*.

Politics must create the ground on which economic policy could succeed. At the same time, economics reacted powerfully upon politics. This led to another consideration on which he would like the Meeting to reflect. When Mr. Marshall made his great speech, the United Kingdom Government had to take a quick decision. It soon became clear that without the proffered American aid there could be no salvation for Europe. The effect of accepting the Marshall offer was to create a close cohesion, not political but economic, among sixteen European countries. This had been forced upon the United Kingdom and other European countries by events. The choice had been difficult, but he was sure it was right. Surely this story had a moral for the present Meeting. There had been talk on the previous day of the need of Commonwealth countries for capital goods. In Asia there was nothing comparable with the Organisation for European Economic Co-operation. Such an organisation, if it existed, would enable conflicting claims to be balanced and disposed in order of priorities. Over the last thirty years the United Kingdom had been mobilised for one day out of every three. For ten years she had been able to make, as an industrial Power, no contribution to the economic development of the world. When Commonwealth countries made demands either upon the United States or the United Kingdom for capital goods, he would beg them to bear in mind this ten years' gap. It had also to be remembered that even by 1952, when we hoped that the United Kingdom would attain economic equilibrium, it would be at the standard (apart from a better distribution of income) only of 1938. In the ten years since them, education had been going on, the school-leaving age had been raised, and every child had acquired a greater conception of the physical and spiritual possibilities to which it might lay claim. Yet, after another four years, we could offer those children no higher standard than that of ten years ago. The same story was repeated throughout

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

the world; yet everywhere the radio was telling the peoples of the world of the higher standards achieved by some countries and raising in them the desire for betterment. Like Pandit Nehru, he was not afraid of communism. With our industrial capacity, our inventive genius, our sense of right distribution which made us ready to put everything into the pool for the common advantage, the Commonwealth countries could challenge any other system. There must, however, be consultation between us and some method must be devised to enable us to see our problems as a whole.

2. Third Press Communiqué

The Meeting approved the substance of the communiqué to be released to the Press describing the day's discussions.

Cabinet Office, S.W. 1,
12*th October*, 1948.

SECRET.

P.M.M. (48) 5th Meeting

MEETING OF PRIME MINISTERS

MINUTES of the Fifth Meeting held at 10 *Downing Street, S.W.* 1, *on Wednesday,* 13*th October*, 1948, *at* 11 *a.m.*

Present:

The Right Hon. C. R. Attlee, M.P., Prime Minister of the United Kingdom (*in the Chair*)

United Kingdom

The Right Hon. Herbert Morrison, M.P., Lord President of the Council.

The Right Hon. Sir Stafford Cripps, K.C., M.P., Chancellor of the Exchequer.

The Right Hon. Hugh Dalton, M.P., Chancellor of the Duchy of Lancaster.

The Right Hon. Viscount Addison, Lord Privy Seal.

The Right Hon. A. Creech Jones, M.P., Secretary of State for the Colonies.

The Right Hon. P. J. Noel-Baker, M.P., Secretary of State for Commonwealth Relations.

The Right Hon. T. Williams, M.P., Minister of Agriculture and Fisheries.

The Right Hon. J. H. Wilson, M.P., President of the Board of Trade.

The Right Hon. John Strachey, M.P., Minister of Food.

Mr. P. C. Gordon-Walker, M.P., Parliamentary Under-Secretary of State for Commonwealth Relations.

Sir Eric Machtig, Commonwealth Relations Office.

Sir Edwin Plowden, Treasury.

Mr. T. L. Rowan, Treasury.

Mr. S. L. Holmes, Board of Trade.

Canada

Mr. Norman Robertson, High Commissioner for Canada in London.

Mr. A. E. Ritchie.

Mr. J. Warren.

Australia

The Right Hon. H. V. Evatt, K.C., Deputy Prime Minister.

The Right Hon. J. A. Beasley, High Commissioner for Australia in London.

Dr. H. C. Coombs.

Dr. Roland Wilson.

Mr. F. H. Wheeler.

New Zealand

The Right Hon. Peter Fraser, Prime Minister of New Zealand.

The Right Hon. W. J. Jordan, High Commissioner for New Zealand in London.

Mr. Leicester Webb.

Mr. E. O. Greensmith.

South Africa

The Hon. E. H. Louw, Minister of Mines and Economic Affairs.

Mr. Leif Egeland, High Commissioner for South Africa in London.

Mr. W. C. Naudé.

India

Pandit Jawaharlal Nehru, Prime Minister of India.

Sir Girja Bajpai.

Sir N. R. Pillai.

Mr. S. A. Lall.

Mr. M. O. Matthai.

Pakistan

Mr. Liaqat Ali Khan, Prime Minister of Pakistan.

Sir Zafrullah Khan, Minister for Foreign Affairs.

Mr. Mohammad Ali.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C 224305

CEYLON

The Hon. D. S. SENANAYAKE, Prime Minister of Ceylon.
Mr. K. VAITHIANATHAN.
Mr. R. G. SENANAYAKE.

SOUTHERN RHODESIA

The Right Hon. Sir GODFREY HUGGINS, Prime Minister of Southern Rhodesia.
Mr. N. R. BERTRAM.

Secretariat

Sir NORMAN BROOK.
Sir GILBERT LAITHWAITE.

CONTENTS

Minute	*Subject*	*Page*
1	Mr. Mackenzie King	2
2	Economic Affairs	2

---

1. Mr. Mackenzie King

The Secretary read to the meeting a letter from Mr. Mackenzie King expressing his appreciation of their message of sympathy at his inability to join in their discussions.

2. Economic Affairs

(Previous Reference: P.M.M. (48) 2nd Meeting, Minute 1)

DR. EVATT said that the admiration which he had expressed at the second meeting for the progress made by the United Kingdom Government towards economic recovery had been confirmed by more detailed study of the Long-Term Economic Programme prepared by the United Kingdom Government. It would, however, be a poor tribute to such a notable piece of work if the Australian Delegation failed to examine it from their own point of view with the same care as had been devoted towards its composition, and he proposed to raise various points which were of importance, not only to Australia, but also to the rest of the sterling area, the Commonwealth and, in some cases, the world as a whole.

This Long-Term Programme had already been presented to the Organisation for European Economic Co-operation. He appreciated the courtesy of the United Kingdom Government in making that presentation provisional until the document had been discussed by Commonwealth Ministers. But, although Commonwealth Ministers would be glad of this opportunity for discussion and would doubtless wish to offer comments, the Programme must remain a United Kingdom document. It was a statement of the intentions of the United Kingdom Government in the economic field based on their judgment of economic developments in the Commonwealth and in the sterling area, and it could not be assumed that other Commonwealth Governments would necessarily agree with that assessment or, even after consultation, necessarily concur in the decisions of policy it implied. As Mr. Chifley had indicated, Australia was only too anxious to assist in making the Programme a success. The Australian Government would play their part in restoring a sound world economy and in particular would make the largest possible contribution to the restoration of the United Kingdom economy; but a document of this character could not represent the collective views of the Commonwealth Governments. It should therefore be made clear that, while Commonwealth Governments had been consulted about this Programme, their views had been ascertained only in order to enable the United Kingdom to form a better judgment, and that those Governments were not committed to the judgments or the policies set out in the Programme.

Dr. Evatt then dealt with a number of major questions which particularly concerned Australia. First, Australia was both interested and anxious about United Kingdom plans for purchases abroad during the four-year period. The Australian Government had always looked upon the United Kingdom as their most important market. They therefore derived little comfort from forecasts which suggested that up to 1952–53 there would be no substantial increase in United Kingdom overseas purchases and that purchases from Australia would

C 224306

remain at about their present level At the same time Australia was being asked to expand her production, *e.g.*, of food and raw materials. If the total level of purchases by the United Kingdom were to remain constant, this expansion could only be at the expense of some of the smaller Australian primary industries, which were most important to the agricultural structure of Australia and had hitherto found their market almost exclusively in the United Kingdom. For both economic and political reasons Australia might find difficulty in complying with this request. The forecasts might prove in practice to have been unduly pessimistic. The assessment of overseas expenditure was naturally based on an estimate of earnings from exports and overseas services. This had been a cautious estimate, and it had been thought right to assume that the United Kingdom would be able to sell abroad a volume of exports somewhat lower than that which she had the capacity to produce. This caution in framing the estimate might have unfortunate results; for when the estimate formed the basis of policy, undue caution in estimation might lead to errors of policy. In one respect, at any rate, he felt that this question might have been approached more boldly. Within the sterling area the United Kingdom's income from exports was determined by the amount of her purchases, and she could afford to buy to the limit of the capacity of sterling area countries to supply. If, for instance, Australia's income were increased by greater exports to the United Kingdom, Australia's power to purchase abroad was so much the greater; and, as Australia bought most of her requirements from the United Kingdom, the trade of both countries would then balance at a higher level. It might be argued that Australia would not make all her purchases from the United Kingdom. Even so, her purchases would come mainly from Western Europe, with several countries of which Australia's trade was seriously out of balance. Such a policy would only be dangerous if Australia bought largely from dollar countries, but this could be checked by her strict control over dollar imports. The United Kingdom had little to fear from a policy of buying boldly from the sterling area.

Sir Stafford Cripps hoped for full restoration of multilateral trading. Article VII of the Lend-Lease Agreement made it a condition that national tariffs should be lowered so that world trade might be resumed: the present dollar situation was a complete contradiction of the principle there embodied. Yet it was in the faith that effect would be given to Article VII that Australia had settled in hard cash, without gaining any advantage, her Lend-Lease liabilities to the United States by means of what was commonly known as the "£1,000 million settlement." Multilateral trading could be restored most quickly if multilateral practices were established over as wide an area as possible. He hoped that Sir Stafford Cripps would consider that present conditions justified multilateral trading within the sterling area as a whole and the removal of United Kingdom restrictions on purchases within that area.

Another large question which emerged from this Programme was the relation between Western Europe and the sterling area. The scheme for intra-European payments was a large contribution towards improving that relation. The Programme assumed that by 1952–53 Western Europe would no longer need extraordinary aid from the United States. He recognised that this assumption had been imposed by the Organisation for European Economic Co-operation, but it was of vital concern to Australia. If in fact Western Europe in four years' time was unable to stand on its own feet, the alternatives were further aid to the sterling area from the United States or a more precise system of bilateral balances. How was Western Europe to overcome this sterling deficiency? If it was to be overcome by expansionist rather than restrictive methods, surpluses must be built up in countries outside the sterling area. Failure would threaten the whole economy of Western Europe and prevent the restoration of multilateral trading. Australia was anxious to see the restoration of normal trade, and the creation of new trade, between Western Europe and the world. If that were achieved, it would result in higher standards all round and real multilateral trade between the dollar countries and the non-dollar world.

Dr. Evatt expressed agreement with Pandit Nehru's statement of the need for industrial development in India and the other less developed countries of the Commonwealth. This was a matter in which Australia desired to assist. In particular she recognised the need for capital goods in South Africa, India, Pakistan, South-East Asia and Ceylon. The provision of capital equipment would facilitate industrial development which would not only increase the domestic standard of living but would increase purchasing power to the advantage of Australia and other countries.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

As he had said, the Long-Term Programme assumed that Western Europe would receive no extraordinary aid from the United States after 1952–53. What was not clear was how thereafter normal trade and payments with the United States were to be restored. The Programme assumed that after 1952–53 there would still be restrictions on dollar purchases. It was to be hoped, however, that the United Kingdom would eventually remove those restrictions. Continued discrimination against United States exports must have reactions on United States policy both internally and externally, particularly as it would be contrary to several international agreements. It seemed, however, that after 1952 further measures would still be necessary if true multilateral trade were to be achieved, and he would be interested to hear Sir Stafford Cripps's view on the progressive steps to be taken to that end and on the period over which the process should be spread.

Judgment of the speed and certainty with which multilateral trading was to be resumed affected measures which Australia and other Commonwealth countries must take in the immediate future. The United Kingdom had, for instance, suggested that Australia should develop the production of goods previously purchased from the Western Hemisphere. Australia had her own plans on the same lines, and for her own reasons. Many such changes would have been natural economic developments in any case. In some instances, however, projects could be given a higher priority with a prospect of their being economically sound only if Australia could assume a long continuation of restrictions against purchases from dollar countries. There were major capital schemes which would eventually show no profit if their market were to disappear in favour of the original and cheaper sources of supply. Australian development would be planned so as to provide the maximum help to the United Kingdom, and, in so far as this could be done without disadvantage to Australia, those plans would proceed. Before, however, Australia set out to compete with normal and cheaper sources of supply in dollar countries, she must have precise assurances of long-term demand from the United Kingdom. He would wish his advisers to discuss this matter further with United Kingdom officials; but he felt bound to bring the broad question of principle to the notice of United Kingdom Ministers.

Finally, Dr. Evatt said that there were various smaller points which he need not raise in the present discussion, but would take up with United Kingdom Ministers concerned. For the present he had limited himself to the large questions which seemed fundamentally to affect the sterling area and the Commonwealth. As he had said, judgments now being made about the future course of affairs must affect policy decisions taken by individual countries in the forthcoming years. Those decisions would be each country's own responsibility. Before they were taken, however, it seemed reasonable to ask the United Kingdom for the best and fullest information and advice.

MR. NORMAN ROBERTSON said that, in view of the recent discussions on economic matters which Canadian Ministers had held with Sir Stafford Cripps in Ottawa, and the decision to establish continuing machinery for consultation between the United Kingdom and Canada on economic matters of mutual interest, it was unnecessary for him to raise at this meeting matters which particularly concerned the trade between Canada and the United Kingdom. He would, however, like to mention certain broad implications of the Long-Term Programme which gave his Government some concern and were of interest to all Commonwealth countries.

The Programme of course conformed with the general conditions laid down by the Economic Co-operation Administrator and the Organisation for European Economic Co-operation. It was also true that Canada had been greatly helped in the short run by the provision of dollars to Western Europe under the European Recovery Programme. Nevertheless Canada was uneasy at some of the consequences of the requirement, which had been laid down as a condition for the grant of aid, that participating countries should work out plans to achieve a dollar balance in the course of the Four-Year period of the Marshall Plan. The United Kingdom Programme proposed to achieve this in part by increasing dollar exports and reducing dollar imports, and it was an essential feature of the United Kingdom Programme that the whole sterling area should co-operate in it, and particularly in dollar saving. Dollars in this context meant not merely United States dollars, but Canadian dollars. There were fears in Canada lest the process of achieving this objective of viability might seriously distort the pattern of trade between Canada and the sterling area. Canada had built up her economy on the basis of imperial preference and a substantial volume of trade with the

sterling area, and she must look with concern at the effect which the methods proposed in the Programme to eliminate the dollar deficit would have in limiting important and historic trades between Canada and the sterling area. He did not wish to suggest that Canada had any quarrel with proposals for a reasonable reduction of imports from dollar sources and for diverting purchases to new sources of supply outside the dollar area. But Canada did ask that, in carrying out the Programme, the emphasis should be placed on dollar earning rather than on dollar saving. He hoped that Sir Stafford Cripps would press this point of view also in Paris, and that other participating countries and Commonwealth countries in the sterling area would follow the United Kingdom's lead in promoting and developing exports to dollar sources. Canada had herself tried to assist the sterling area as far as she could by encouraging imports from other Commonwealth countries. To some extent she was hampered in her efforts by the difficulty of giving special facilities for imports from sterling sources which were not also extended to imports from other countries; but she was doing her best. In return for these efforts on the part of Canada, the Commonwealth countries of the sterling area would, he hoped, conduct their policies so as to create the minimum of dislocation in the normal pattern of trade with Canada during the difficult interim period before the attainment of viability.

A second general point which had given rise to concern in Canada was the difficulty of reconciling the short-term interest of the sterling area in securing supplies, possibly at higher cost, from non-dollar sources, and the long-term interest of maintaining purchases in markets where goods could be produced most economically. The Canadian Government feared that the short-term necessity for diverting imports from dollar sources might in the long run produce the same effects as the old style protective tariffs, by developing uneconomic production in non-dollar sources which it would not be possible to abandon when dollars were less scarce.

A further source of doubt to the Canadian Government arose from the fact that the United Kingdom Programme contemplated the continuance of import restrictions against goods from dollar sources even at the end of the Marshall Aid period. He asked what the political and economic effects might be, particularly if a recession in economic activity in the Western Hemisphere made marginal exports a matter of greater importance to the United States economy than at present. It would then become apparent to business interests in the United States that the result of their aid to Europe had been to erect prohibitory and discriminatory barriers against their exports. These barriers would also exist against Canadian exports, and to Canada the matter was more vital than to the United States because a much higher percentage of Canadian production was for export.

MR. FRASER said that the Long-Term Programme was marked by boldness and dignity. The United Kingdom had no need to represent herself as dependent on the charity of the United States, and he was glad she had not done so. She had thrown all her resources into the war, and had laid all the countries of the world in her debt. The first point which struck him about the Programme was the similarity which it revealed in the problems before all Commonwealth countries. All, for instance, were in need of capital goods; and, if they could obtain them, would be able to contribute more effectively to the recovery of Western Europe. In New Zealand, for instance, there were great timber resources from which, with the necessary machinery, substantial supplies of pulp and paper could be obtained. Similarly, New Zealand was in great need of fencing-wire and of equipment for the development of water-power. Economic relations between the United Kingdom and New Zealand were so close that the New Zealand Government would need to give the Long-Term Programme close attention. They would certainly examine it to discover how best New Zealand could play her part in its realisation. There had, indeed, already been discussions between officials in London, and he was anxious that New Zealand officials should maintain their contact with the Central Economic Planning Staff. He could already say that the New Zealand Government endorsed the main objectives of the Programme, and that they would shape their own plans to take full account of it. There was, however, one point which needed separate mention. It had formerly been assumed that the Southern Hemisphere countries were, and should remain, primary producing countries only. That idea was now obsolete. On a basis of primary production only, it would have been impossible for New Zealand to maintain her population. There had been considerable industrial development during the war, and this must continue. Moreover, certain industries were strategically important and should be encouraged for this reason. He looked to the United Kingdom to help in providing the

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

necessary technical skill for this kind of development. In future, therefore, there must in New Zealand be a parallel development in industry and agriculture, and in this respect her position was very similar to that of other Commonwealth countries. He had been specially interested in the remarks made by Sir Stafford Cripps on the relation between the economic problems of Western Europe and those of the Commonwealth. It was clear that on the political side the policy of Western Union need not involve any conflict of interests. On the economic side, there was an essential identity of interests; for Western Europe and the Commonwealth countries would each gain from the economic development of the other. Nevertheless, some difficult problems of adjustment would arise if the creation of a Western European Customs Union became a practical issue. If this seemed an essential part of the recovery programme, New Zealand would try to accommodate herself to the changes involved; but had the need for such a Union been proved? Would it not be rather the negation of co-operative economic planning in the sense described on page 18 of P.M.M. (48) 3? Finally, he recognised the conditions which had made it necessary for the United Kingdom Government to resort to a bilateral trade policy as a temporary device. He would, however, like to be assured that the needs of Commonwealth countries for scarce essential commodities were taken fully into account before commitments were entered into with foreign countries.

MR. LOUW said that his Government had not yet been able to give to the Long-Term Programme the detailed study which it deserved. As a proof of their interest, however, they were considering the desirability of sending an official over to this country to confer with the Central Economic Planning Staff. This would assist South Africa in deciding on the extent to which she would be able to co-operate in the policies described in the Programme.

Mr. Louw said that he had listened with particular interest to Dr. Evatt's remarks, because South Africa and Australia had many problems in common. As regards trade between the United Kingdom and South Africa, he suggested that an attitude of realism must be adopted. It should be remembered that South Africa was the United Kingdom's best customer. He hoped that any criticism which he might make on points of detail, would be taken in good spirit. South Africa, in fact, fully realised the value of the British market for her own products. While South Africa did not favour an economic unity of the Commonwealth, that did not mean that she was unwilling to collaborate with other Commonwealth countries on the understanding that South Africa's national interests must receive first consideration.

Dr. Evatt had referred to the limitation of purchases by the United Kingdom. This was a matter which also affected the interests of South Africa. Thus, for example, the South African Government had encouraged the production of jam during the war and there had been very large exports of South African jams, particularly for the Armed Forces. They had, of course, expected that the demand for South African jams would fall after the war, but now they were faced with the situation that the United Kingdom was not willing to take all jams that South Africa offered. The jam factories in South Africa were now in a very difficult position: they already had over half a million cases from the old season which had been produced for the United Kingdom, and for which there was now no market, and the new season was already upon them. There had also been difficulty with regard to the British territories in East Africa, particularly those south of the Equator. South Africa had built up her industries largely with a view to serving these areas, which she regarded as her natural market. This market had been closed to certain South African exports, owing to the limitation of imports in East Africa; and Mr. Louw quoted as an instance the case of two footwear factories which had been compelled to close down temporarily. These examples were quoted to show how United Kingdom action had detrimentally affected South African industries. The United Kingdom should realise the difficulties of South Africa, as South Africa in her turn fully appreciated the difficulties of the United Kingdom and her great efforts to recover from the effects of the war.

On the question of capital goods, Mr. Louw said that South Africa had been asked to avoid buying from dollar areas. But steps must then be taken to ensure that this did not involve curtailing the development of South Africa's industries. South Africa could not develop her industries without imported steel and capital goods. The new goldfields in the Orange Free State, for instance, could not be developed without steel, and gold production would decrease, since some of the Rand mines were beginning to be worked out. The Chairman of the Gold Producers' Committee had recently urged most strongly the need for more

machinery and cement if production was to be maintained. In the Orange Free State the mines would go down very deep and the nature of the ground was such that it was necessary to line the shafts with cement. Huge quantities of cement were needed for this purpose alone. South Africa had the raw materials for making cement but lacked the necessary machinery. The United Kingdom's own building requirements must, of course, be met and it was easy for anybody to see the amount of war damage in London alone. But it had been alleged that there had been occasions when machinery, &c., ordered for South Africa had subsequently been diverted to other countries outside the Commonwealth. If these allegations were substantiated, South Africa would have a legitimate grievance.

In this connection Mr. Louw recalled Sir Stafford Cripps's reference to the United Kingdom trade agreement with Russia which, among other things, included railway material. South Africa urgently needed railway locomotives and trucks. She had huge supplies of manganese, which was wanted also for British steel production, but without the trucks she could not move it, and without the steel she could not build more trucks.

Mr. Louw said that South Africa was also a very good customer of the United States. She was anxious to secure steel from the United States, but there also the Union was confronted with difficulties and it was sometimes even necessary to guarantee that the steel would be used for purposes stipulated by the United States.

As regards Western Union, Mr. Louw felt that the economic rehabilitation of Western Europe was very important in the fight against Communist infiltration. South Africa, as a Western democracy, was interested in Western Europe and was most anxious to co-operate, subject to her own national interests. She herself was financing her own dollar deficit and had paid all that she owed under lease-lend. If, therefore, South Africa helped in Western Europe she would be doing so in the general interest, rather than for her own financial advantage.

Mr. Louw noted that the Organisation for European Economic Co-operation had proposed to integrate the African territories and that discussions were pending between the United Kingdom, France, Belgium and Portugal, with the object of making Africa a base of supplies for the Organisation for European Economic Co-operation. The Union of South Africa felt that this was an African matter and that her interests in it must be fully recognised. As the only independent sovereign State in Africa south of the Equator, Mr. Louw claimed that South Africa should come into any such discussions as an equal partner with the other Powers.

PANDIT NEHRU said that the immediate economic task for India was to fight inflation. Her greatest need was to increase production and for this purpose she urgently required large supplies of capital goods. Shortage of transport was one of the factors limiting her industrial expansion, and she needed to increase substantially her stock of railway wagons. Irrigation schemes, agricultural development, hydro-electric plants and anti-malaria campaigns were the main features of her economic programme. But many of these schemes were delayed by difficulty in obtaining the plant and machinery required. Large-scale economic development was necessary in order to raise the standard of living of the Indian people. This need to raise the economic standards of the less developed countries was, indeed, one of the most urgent problems now confronting the world; and, unless it could be solved, the continued prosperity of the industrialised countries could not be assured. He therefore deprecated any suggestion that the economic assistance which was now being provided by the United States Government was being offered solely for the benefit of the countries which received it: in fact it was a measure necessary for the common good of all the peoples of the world, including the United States itself, whose current level of prosperity could not be maintained indefinitely unless the purchasing power of other countries were restored.

It must therefore be an object of policy for all peace-loving nations to remove as many areas as possible from the economic danger zone. It seemed to him unfortunate that economic plans should have to be qualified by reference to the possibility that they might be upset by war or by political upheavals. For the risks of war and political disturbance arose mainly from economic grievances and low standards of living. If Governments could concentrate all their efforts and resources on raising economic standards, particularly in the less developed countries, the risk of war would be substantially reduced.

India certainly intended to do her utmost to raise the standard of living of her people. For this she needed help, particularly in the supply of capital

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C 224311

goods, preferably from the other countries of the Commonwealth, or, if they could not provide it, from the United States. If necessary, she would proceed with her plans even without outside aid. But this would mean delay; and delay in promoting the economic development of India would encourage the spread of communism and create grave social and political problems. Many people now feared communism as an ogre trying to swallow the world. An attitude of fear was, however, a purely negative approach to the problem posed by communism. The fact was that, in Asia at any rate, communism flourished only where the economic standards of the people were indefensibly low; and the positive answer to the Communist threat was to remedy those conditions. It was only by these means that we could hope to secure lasting peace throughout the world. He therefore strongly stressed the importance of linking together the economic and political aspects of national policies.

It was fashionable to contrast the capitalist economy of the United States with Russian communism; but, so far as India was concerned, he was satisfied that it would be unprofitable and even dangerous to invite comparison between these two economic systems. Communism had a theoretical appeal for many people who would not find it agreeable in practice to live under a Communist régime. On the other hand, though many Indians might envy the material prosperity of the United States, few would welcome the consequences of applying to India the principles of American capitalism. It would certainly be undesirable to build up new vested interests in India at her present stage of development. He believed that India's approach to her economic problems was more likely to approximate to the policies and outlook of the United Kingdom Government. It was with this in mind that he had said, in his original comments on Sir Stafford Cripps's review of the economic situation at the meeting on 11th October, that he had drawn inspiration from the efforts which the United Kingdom was making to re-establish her economy.

MR. LIAQAT ALI KHAN said that Pakistan's first concern was with industrial development; for only by this means could any improvement be secured in the standard of life of the population. He agreed that in Asia economic progress should be sought by means different from those of either Russian communism or American capitalism. Pakistan's immediate need was for capital goods; and he proposed to discuss her detailed requirements from the United Kingdom with the individual Ministers concerned. In general, economic policy should aim at the expansion, rather than the restriction, of trade; and special attention should be given to the development of trade between Commonwealth countries. While every effort must be made to assist Western Europe, he shared Mr. Fraser's view that this should not be permitted to injure the economy of any Commonwealth country. He suggested that an organisation should be established, comparable with the Organisation for European Economic Co-operation, which would be responsible both for preparing a plan of Commonwealth development and for ensuring that it was carried out. Such a body would have two main functions: to assist Commonwealth countries to expand their agricultural production by the provision of machinery, fertilisers, &c.; and to encourage Commonwealth industrial development, particularly in the production and processing of raw materials.

The discussion was then adjourned until the afternoon meeting.

Cabinet Office, S.W. 1,
13*th October*, 1948.

C 224312

SECRET

P.M.M. (48) 6th Meeting

MEETING OF PRIME MINISTERS

MINUTES of the Sixth Meeting held at 10 *Downing Street, S.W.* 1, *on Wednesday,* 13*th October,* 1948, *at* 3 *p.m.*

Present:

The Right Hon. C. R. ATTLEE, M.P., Prime Minister of the United Kingdom (*in the Chair*)

UNITED KINGDOM

The Right Hon. ERNEST BEVIN, M.P., Secretary of State for Foreign Affairs.

The Right Hon. Sir STAFFORD CRIPPS, K.C., M.P., Chancellor of the Exchequer.

The Right Hon. HUGH DALTON, M.P., Chancellor of the Duchy of Lancaster.

The Right Hon. VISCOUNT ADDISON, Lord Privy Seal.

The Right Hon. A. CREECH JONES, M.P., Secretary of State for the Colonies.

The Right Hon. P. J. NOEL-BAKER, M.P., Secretary of State for Commonwealth Relations.

The Right Hon. T. WILLIAMS, M.P., Minister of Agriculture and Fisheries.

The Right Hon. J. H. WILSON, M.P., President of the Board of Trade.

The Right Hon. JOHN STRACHEY, M.P., Minister of Food.

Mr. P. C. GORDON-WALKER, M.P., Parliamentary Under-Secretary of State for Commonwealth Relations.

Sir ERIC MACHTIG, Commonwealth Relations Office.

Sir EDWIN PLOWDEN, Treasury.

Mr. T. L. ROWAN, Treasury.

Mr. S. L. HOLMES, Board of Trade.

CANADA

Mr. NORMAN ROBERTSON, High Commissioner for Canada in London.

Mr. A. E. RITCHIE.

Mr. J. WARREN.

AUSTRALIA

The Right Hon. H. V. EVATT, K.C., Deputy Prime Minister of Australia.

The Right Hon. J. A. BEASLEY, High Commissioner for Australia in London.

Dr. H. C. COOMBS.

Dr. ROLAND WILSON.

Mr. F. H. WHEELER.

NEW ZEALAND

The Right Hon. PETER FRASER, Prime Minister of New Zealand.

Mr. LEICESTER WEBB.

Mr. E. O. GREENSMITH.

SOUTH AFRICA

Mr. LEIF EGELAND, High Commissioner for South Africa in London.

Mr. W. C. NAUDÉ

INDIA

PANDIT JAWAHARLAL NEHRU, Prime Minister of India.

Sir GIRJA BAJPAI.

Sir N. R. PILLAI.

Mr. S. A. LALL.

PAKISTAN

Mr. LIAQAT ALI KHAN, Prime Minister of Pakistan.

Sir ZAFRULLAH KHAN, Minister for Foreign Affairs.

Mr. MOHAMMAD ALI.

36010—2

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C 224313

CEYLON

The Hon. D. S. SENANAYAKE, Prime Minister of Ceylon.

Sir OLIVER GOONETILLEKE, High Commissioner for Ceylon in London.

SOUTHERN RHODESIA

The Right Hon. Sir GODFREY HUGGINS, Prime Minister of Southern Rhodesia.

Mr. N. R. BERTRAM.

Secretariat

Sir GILBERT LAITHWAITE.

Mr. W. S. MURRIE.

CONTENTS

Minute	*Subject*	*Page*
1	Economic Affairs	2
2	Fourth Press Communiqué	6

---

1. Economic Affairs

(Previous Reference: P.M.M. (48) 5th Meeting, Minute 2)

The meeting resumed their discussion of economic affairs which had been adjourned earlier in the day.

MR. SENANAYAKE said that the possible effects of the United Kingdom Long-Term Programme on Commonwealth countries should be carefully examined. It was to the interest of all Commonwealth countries to expand their trade and production and he feared that the Programme might handicap them in doing this. Commonwealth countries should seek to do as much business as possible among themselves, and those with the lowest standards of living should be the first to receive assistance. In view of the difficulty of meeting from Commonwealth sources all the Commonwealth requirements for capital goods, should not the aim be rather to earn more dollars than to restrict purchases from dollar countries? He pointed out that, whereas Ceylon had set up no barriers to free trade, the limits placed by the United States on the use of natural rubber prevented full exploitation of Ceylon's potential resources and restricted her capacity to earn dollars.

SIR GODFREY HUGGINS pointed out that it would be imprudent to embark on ambitious development projects without regard to future demand. He recalled that Mr. Liaqat Ali Khan had suggested that any surplus production could be absorbed by the large populations of Africa and Asia; but he thought that consideration should be given to the future of such developments as the groundnuts scheme. It would presumably be necessary to introduce animal husbandry in the area covered by the scheme and, if this took the form of beef-raising on a large scale, other Commonwealth countries would be affected.

MR. STRACHEY said that he was advised that for a long period to come the land could, given adequate fertilisers and a suitable rotation with other crops, be maintained under groundnuts for one year in every two; and that, for as long as could be foreseen, there would be ample demand for the oils and fats obtained from groundnuts.

SIR STAFFORD CRIPPS said that the Long-Term Programme was an entirely United Kingdom document and that there was no question of asking the Commonwealth countries to concur in it. It had, however, been thought right to submit the Programme to Commonwealth Ministers in order to get the benefit of their criticism and because, owing to the close links between the United Kingdom and other Commonwealth countries, the representatives of these countries were entitled to know what the United Kingdom was proposing.

Sir Stafford Cripps then dealt with certain specific matters which Dr. Evatt had raised at the meeting earlier in the day.

On the question of the limitation of overseas purchases, he explained that the estimates in the Programme were based on 1948–49 prices and that if there was some reduction in these prices the volume of purchases could be increased.

C 224314

Accordingly the Programme should not be regarded as a rigid plan and the aim would be to expand United Kingdom trade to the highest possible level consistent with achieving a balance both in the total external trade and in the dollar account.

It was impossible to forecast how soon after 1952–53 multilateral trading could be resumed. It was hoped that by 1952–53 the United Kingdom and the other Western European countries would have become viable, but it would be unprofitable to attempt to say now what changes in the pattern of trade between the United States and Europe and the sterling area would by then have taken place. It was, however, certain that general multilateral trade could not be resumed for some years after 1952–53.

The restoration of trade between Western Europe and the sterling area would be facilitated through the scheme for intra-European payment. Under this scheme the equivalent of $500 million would be made available to European countries for the purchase of goods in the sterling area and about $350 million of this sum would be expended outside the United Kingdom.

Sir Stafford Cripps said that he had prepared a statement showing the exports of capital goods and machinery from the United Kingdom to Commonwealth countries in 1946, 1947 and 1948. (A copy of this statement is annexed to these minutes.) The statement, which was expressed in terms of 1938 prices, showed that exports of capital goods had increased by 75 per cent. since 1938 and exports of machinery by 63 per cent. Every Commonwealth country had received more than before the war, and some much more. It was in his view, unfair to make comparisons between the exports to Commonwealth and non-Commonwealth countries, since the United Kingdom had been faced with an urgent need to expand her exports and had been forced to send abroad goods which could ill be spared from the home market. The main reasons for this were:—

(i) The cessation of convertibility;
(ii) the loss of United Kingdom overseas investments;
(iii) the need to acquire a special commodity available only in particular areas and in exchange for specified goods; and
(iv) the desire to rehabilitate the economies of the war shattered countries.

For political reasons the United Kingdom had deliberately set out to help in the rehabilitation of the Western European economy as an essential step towards world stability. The rehabilitation of this area was also of special importance for Commonwealth countries because, once the productive power of Western Europe was restored, it would be able to meet part of their demand for capital goods.

Since the war the countries participating in the Organisation for European Economic Co-operation had been supplied with sterling goods to the value of $2,000 million without requital. Thus, the liability of the United Kingdom under the Intra-European Payments Scheme meant some reduction in the rate of unrequited exports that had ruled during the past three years, and it should therefore be possible to provide more capital goods for Commonwealth countries.

The changes brought about by the war, and since then by dollar stringency, made it impossible to contemplate a return to the exact pre-war pattern of trade. It must be recognised that the channels of trade had altered and that any attempt to revert to the pre-war pattern would lead to chaos.

The United Kingdom had sought to ensure that her exports of capital goods went to the areas where they were most needed and for this purpose there had been frequent consultations with individual Commonwealth countries. The suggestion that methods of consultation on this matter might be improved would no doubt be considered when the general question of Commonwealth consultation was discussed on 18th October.

A long period must elapse before full convertibility was achieved, and, though each project must be considered on its merits, there should be a bias in favour of developments designed to save dollar purchases, unless it was clear that they would be uneconomical in the long run. It should often be possible to make long-term contracts which would assure producers that their market would hold for a number of years.

Sir Stafford Cripps said that he had recently discussed with Mr. St. Laurent and other Canadian Ministers the special problem of Canadian trade with the sterling area. He was in full agreement with Mr. Robertson's point that the emphasis should be on dollar earning rather than on dollar saving and he explained that in the Organisation for European Economic Co-operation the United Kingdom had always stressed the need for European countries to earn dollars even though this might operate to the disadvantage of the United Kingdom

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

in the immediate future. The general aim must be to enable Western European countries to adjust their economies, without undue dislocation of their principal industries, in such a way as to attain a true balance of trade; and in pursuing this objective the United Kingdom would try to make all possible dollar purchases in Canada rather than in the United States.

Mr. Robertson had asked what the situation would be if there were a recession in the United States. It was impossible to forecast what would happen, but policies could not be based on the assumed effects of pressure on the United States Government by particular interests. He believed that some readjustment of the United States economy was inevitable, but meanwhile the primary task of the United Kingdom must be to secure her economic independence.

Sir Stafford Cripps said that he very much appreciated what Mr. Fraser had said about the Long-Term Programme. The question of maintaining a proper balance between exports of capital goods to the Commonwealth countries and exports to other countries was one for general discussion, subject to acceptance of the need to rehabilitate Western Europe. The development of New Zealand's timber resources was already being discussed by officials, and United Kingdom Ministers fully realised the need of New Zealand for additional supplies of fencing wire, though, owing to the shortage of steel and of wire manufacturing capacity it was difficult to see how exports could be increased. The United Kingdom were putting in hand a great expansion of steel capacity in order to supply the Commonwealth countries and, though new plant took time to come into production, it was hoped that by 1953 the United Kingdom would be able to meet all Commonwealth requirements.

As was made clear in P.M.M. (48) 3, the United Kingdom were doubtful about the proposed European Customs Union and did not regard it as a necessary part of the policy of Western Union. The experience of the Benelux countries had not been encouraging and there seemed to be less pressure for a European Customs Union from the United States as the Organisation for European Economic Co-operation began to show concrete results. The objects which it was sought to attain by a European Customs Union could probably be secured by a greater measure of international planning and it might be that a Republican Government in the United States would favour this alternative.

While it was true that under certain bilateral agreements the United Kingdom had had to supply to countries outside the Commonwealth goods which would have been welcome to Commonwealth countries, this had been done only when there was no other way of obtaining imports needed by the United Kingdom and account had always been taken of the interests of Commonwealth countries.

Sir Stafford Cripps recalled that Mr. Louw had raised the question of the limitations imposed by the United Kingdom on purchases of certain goods from South Africa. These limitations had been forced on the United Kingdom by the need to achieve a balance of trade and had not been imposed arbitrarily. As regards the import of South African goods into East Africa, he understood that the restrictions which had been imposed in 1947 had now been adjusted to the satisfaction of South Africa. Though it was true that some goods that might have gone to Commonwealth countries were being exported to the Soviet Union, the United Kingdom were actually supplying to the Soviet Union far less in the way of capital goods than had been contemplated in the Anglo–Soviet Agreement. It was, of course, important to maintain East-West trade in Europe at the highest possible level and the Agreement had enabled the United Kingdom to obtain from Russia much needed supplies of coarse grains, as well as making it possible for Commonwealth countries to market some of their surplus production in the Soviet Union.

Sir Stafford Cripps said that he was in full agreement with Pandit Nehru on the need to raise the standard of living in the less developed areas of the Commonwealth.

He also agreed with Mr. Liaqat Ali Khan about the desirability of achieving viability by increasing exports to dollar countries rather than by reducing imports from them.

Mr. Senanayake had asked that efforts should be made to remove to some extent the limitations on United States purchases of natural rubber which resulted from the provision made in the United States for maintaining the production of artificial rubber. The United States, however, considered it necessary to maintain a considerable production of artificial rubber for strategic reasons and there was little or no hope of persuading them to reduce the present level of output.

MR. SENANAYAKE said that during the war Ceylon had been encouraged to produce the maximum possible quantity of rubber and had received a price

based on the pre-war average, which was too low to provide for adequate re-planting. Moreover, the large production achieved in the common interest had been secured only at the expense of great damage to the trees. The stocks of rubber which had thus been built up had subsequently been used to depress the price to such an extent that the Ceylon rubber industry now faced ruin. Thus the sacrifices made by Ceylon during the war had been turned to her disadvantage. The Ceylon Government regarded it as necessary to keep the industry in being for both economic and defence reasons. The Soviet Union had now offered to buy the whole of Ceylon's production of rubber. If Ceylon were now told that it was right to sell her rubber to the Soviet Union, it would appear to the people of Ceylon that the industry, which during the war had been bled at the request of the United Kingdom, was now being saved by Russian purchases. It would be correspondingly more difficult to persuade the people of Ceylon that it was in their interest to join in the common struggle against communism and the danger of Communist infiltration into Ceylon would be increased. Further, if it was now agreed that it was right for Ceylon to sell her rubber to the Soviet Union, all facilities should be made available for this purpose. It would be important that there should be no feeling in Ceylon that the United Kingdom was not doing her best to help in every possible way in this difficult matter.

MR. BEVIN said that he appreciated the difficulties referred to by Mr. Senanayake. He believed, however, that the price paid for rubber produced in Ceylon during the war had been adequate, since it had included an allowance for extra production costs. In his view, the right solution for the problem of Ceylon was to aim at an international arrangement based on the principle of the International Wheat Agreement under which limits would be set to the extent to which prices could fluctuate. Something of this kind might eventually emerge from the work of the International Rubber Study Group, though it would be optimistic to hope for an early agreement. The same principle could also be applied with benefit to other raw materials in which Commonwealth countries were interested. As regards the export of rubber to the Soviet Union, it was, in his view, impossible to apply what would in effect be economic sanctions against a particular country unless that country had been declared by the United Nations to be a danger to peace. As long as the sale of rubber was left to normal commercial practice it was not possible to refuse to send to Russia a commodity which had a normal commercial use.

MR. FRASER said that the sale of rubber to the Soviet Union in present circumstances was comparable to the sale of scrap iron to Japan before the war and was difficult to justify to public opinion in New Zealand. He fully appreciated the difficulty of discriminating on political grounds amongst the countries to which exports were sent, but he pointed out that the veto could always be used to prevent a decision of the United Nations in favour of the application of economic sanctions to the Soviet Union.

MR. HAROLD WILSON said that Ceylon's production of rubber would represent only a small proportion of the total world production and that, so long as there was a free world market for rubber, the Soviet would be able to meet her needs from purchases elsewhere. Ceylon should, however, consider the risks attendant upon selling the whole of her production to such an undependable market as the Soviet Union. The fall in price was due to the production of synthetic rubber in the United States, but there had been some recovery in price as a result of stockpiling by the United States and purchases by the Soviet Union.

DR. EVATT said that the remarks made by him at the meeting earlier in the day had been in no sense a criticism of the remarkable achievement of the United Kingdom in the economic field and that he was full of admiration for the hard work and sacrifices which had enabled the United Kingdom to attain so large a measure of economic recovery. As had been shown by her actions, Australia was most anxious to promote the economic recovery of the United Kingdom, and the importance of rehabilitating the economy of Western Europe was fully realised. He believed, however, that, without prejudice to these objectives, it might be possible in working out the Long-Term Programme to pursue policies which would bring more advantages to Commonwealth countries and lighten the burdens which they had at present to bear. For example, could not more of the off-shore purchases under the European Recovery Programme be made in Commonwealth countries? He was satisfied that closer consultation among the Commonwealth countries on economic affairs was most desirable, particularly on such matters as the supply of capital goods, and he urged that such consultation should come at an early stage in the formulation of policy. He suggested

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C 224317

that the points which he had raised should be considered again at a later meeting and that, meanwhile, they should be explored at meetings among officials.

MR. FRASER stressed the importance of adequate consultation with Commonwealth countries before the United Kingdom entered into bilateral agreements with countries outside the Commonwealth. He realised that under such agreements the United Kingdom did not normally guarantee deliveries. Nevertheless, the knowledge that commodities which were needed in order to enable New Zealand to develop production for the benefit of the United Kingdom were being exported to countries outside the Commonwealth inevitably created a bad impression. Could not Commonwealth countries have a greater say in the allocation of scarce United Kingdom products?

MR. NORMAN ROBERTSON suggested that more use might be made of price comparisons in securing a fair allocation of commodities of which there was a shortage. Resort to this method would limit the need for consultation and remove some of the invidious responsibility for allocation which now rested on the United Kingdom.

MR. BEVIN said that it should not be assumed that present shortages of commodities would continue indefinitely and that it might be useful to consider more closely the probable duration of each of the current shortages. Such a study might show that some at least of the commodities for which demand at present exceeded supply might in a relatively short time become freely available.

MR. HAROLD WILSON pointed out that some United Kingdom commodities of which there were serious shortages immediately after the war were now freely available. On the other hand, it would be two or three years before supplies of such goods as caustic soda and steel products, particularly tinplate and wire, were sufficient to meet all demands.

SIR STAFFORD CRIPPS said that in the working out of the four-year plan full account would be taken of the points which had been made in the discussion. He was afraid, however, that, in view of the agreement to cover the sterling area dollar deficit of $169 million in the allocation of aid to the United Kingdom for 1948–49, it would be impossible to ask the United States to extend off-shore purchases to Commonwealth countries outside the Western Hemisphere. He agreed that there was a need for some continuing machinery to ensure that there would be full consultation with Commonwealth countries in the development of the plan. There had already been some discussion between officials on this matter and he welcomed Dr. Evatt's suggestion that the matter should be explored further by officials and thereafter discussed again by Ministers.

MR. NOEL-BAKER pointed out that on 18th October there would be a further opportunity of discussing the question of consultation on economic matters as part of the general question of Commonwealth consultation. Meanwhile, he would arrange to discuss with Mr. Senanayake the problem of rubber production in Ceylon.

2. Fourth Press Communiqué

The Meeting approved the substance of the communiqué to be released to the Press describing the day's discussions.

Cabinet Office, S.W. 1,
13*th October*, 1948.

C 224318

ANNEX

EXPORTS OF (A) CAPITAL GOODS AND (B) MACHINERY FROM THE UNITED KINGDOM TO COMMONWEALTH COUNTRIES

(All at 1938 prices in £ million)

Country		*1938*	*1946*	*1947*	*1948 (Annual rate on first six months)*	*Per cent. increase 1948 over 1938*
Australia ...	A	10·1	7·0	8·5	18·2	80
	B	4·8	3·6	5·4	8·2	71
New Zealand ...	A	5·2	4·3	6·0	6·6	27
	B	1·7	1·9	2·3	2·9	70
South Africa ...	A	11·1	10·5	13·7	17·1	54
	B	7·5	5·7	7·3	8·8	16
Canada ...	A	2·0	1·8	3·0	5·2	160
	B	1·6	1·1	1·9	2·3	43
India ... }	A	10·1	16·6	19·5	20·2	100
Pakistan ... }	B	7·8	11·0	15·2	16·3	109
Ceylon ...	A	·8	·8	1·2	1·4	43
	B	·3	·4	·4	·6	100
Southern Rhodesia	A	1·0	1·0	1·5	2·1	110
	B	·4	·7	·6	·7	75
Total ...	A	40·3	42·0	53·4	70·8	75
	B	24·1	24·4	33·1	39·8	63

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224319

SECRET

P.M.M. (48) 7th Meeting

MEETING OF PRIME MINISTERS

MINUTES of the Seventh Meeting held at 10 *Downing Street, S.W.*1, *on Monday,* 18*th October,* 1948, *at* 11 *a.m.*

Present :

The Right Hon. C. R. ATTLEE, M.P., Prime Minister of the United Kingdom (*in the Chair*)

UNITED KINGDOM

The Right Hon. ERNEST BEVIN, M.P., Secretary of State for Foreign Affairs.

The Right Hon. Sir STAFFORD CRIPPS, K.C., M.P., Chancellor of the Exchequer.

The Right Hon. A. V. ALEXANDER, M.P., Minister of Defence.

The Right Hon. HUGH DALTON, M.P., Chancellor of the Duchy of Lancaster.

The Right Hon. VISCOUNT ADDISON, Lord Privy Seal.

The Right Hon. VISCOUNT JOWITT, Lord Chancellor.

The Right Hon. J. CHUTER EDE, M.P., Secretary of State for the Home Department (*for Item* 1).

The Right Hon. P. J. NOEL-BAKER, Secretary of State for Commonwealth Relations.

The Right Hon. J. H. WILSON, M.P., President of the Board of Trade.

Mr. P. C. GORDON-WALKER, M.P., Parliamentary Under-Secretary of State for Commonwealth Relations.

Sir ERIC MACHTIG, Commonwealth Relations Office.

Sir NOEL CHARLES, Foreign Office.

Mr. G. W. FURLONGE, Foreign Office.

Mr. S. L. HOLMES, Board of Trade.

CANADA

The Right Hon. L. S. ST. LAURENT, Minister of Justice.

Mr. NORMAN ROBERTSON, High Commissioner for Canada in London.

Mr. J. W. PICKERSGILL.

AUSTRALIA

The Right Hon. H. V. EVATT, K.C., Deputy Prime Minister of Australia.

The Right Hon. J. A. BEASLEY, High Commissioner for Australia in London.

Professor K. H. BAILEY.

Dr. H. C. COOMBS.

Mr. PATRICK SHAW.

Mr. J. OLDHAM.

NEW ZEALAND

The Right Hon. PETER FRASER, Prime Minister of New Zealand.

The Right Hon. W. J. JORDAN, High Commissioner for New Zealand in London.

Mr. A. D. MCINTOSH.

SOUTH AFRICA

The Hon. E. H. LOUW, Minister of Mines and Economic Affairs.

Mr. LEIF EGELAND, High Commissioner for South Africa in London.

Mr. W. C. NAUDÉ.

INDIA

PANDIT JAWAHARLAL NEHRU, Prime Minister of India.

Mr. V. K. KRISHNA MENON, High Commissioner for India in London.

Sir GIRJA BAJPAI.

PAKISTAN

Mr. LIAQAT ALI KHAN, Prime Minister of Pakistan.

Sir ZAFRULLAH KHAN, Minister for Foreign Affairs.

HABIB IBRAHAM RAHIMTOOLA, High Commissioner for Pakistan in London.

Mr. MOHAMMAD ALI.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C 224320

CEYLON

The Hon. D. S. SENANAYAKE, Prime Minister of Ceylon.

Sir OLIVER GOONETILLEKE, High Commissioner for Ceylon in London.

Mr. K. VAITHIANATHAN.

Mr. N. W. ATUKORALA.

SOUTHERN RHODESIA

The Right Hon. Sir GODFREY HUGGINS, Prime Minister of Southern Rhodesia.

Mr. K. M. GOODENOUGH, High Commissioner for Southern Rhodesia in London.

Secretariat

Sir NORMAN BROOK.

Sir GILBERT LAITHWAITE.

CONTENTS

Minute	*Subject*	*Page*
1	Attendance	2
2	Status of High Commissioners	2
3	Commonwealth Consultation	3

---

1. Attendance

MR. ATTLEE, on behalf of all the Commonwealth Ministers, extended a warm welcome to Mr. St. Laurent.

2. Status of High Commissioners

MR. ATTLEE said that there seemed to be general agreement among all Commonwealth countries that Commonwealth High Commissioners should be accorded a high place in the order of precedence in the countries to which they were accredited, and in his paper P.M.M. (48) 9 he had put forward certain specific suggestions for giving effect to this object. If these suggestions could be accepted in principle each Commonwealth country could work out their detailed application in its own territory.

MR. ST. LAURENT said that Canada accepted these suggestions in principle.

DR. EVATT said that he also approved these suggestions in principle, though he would not wish to be committed to accepting every detail in Mr. Attlee's paper.

MR. FRASER also agreed in principle. He thought it important to retain a distinction between Commonwealth High Commissioners and foreign Ambassadors, as the countries represented by High Commissioners belonged to the same family group and were not foreign to one another. He could not, therefore, support any proposal to give High Commissioners the title of Ambassador; but, subject to that, he agreed that they should rank with Ambassadors for purposes of precedence. He welcomed the proposal that visiting Cabinet Ministers, while given no formal place in Tables of Precedence, should, when representing their Governments, be placed as a matter of courtesy above their High Commissioners.

MR LOUW welcomed the opportunity to discuss this subject, which he himself had first raised in 1929, when he was High Commissioner for South Africa in London. He thought that the application of the principle proposed in P.M.M. (48) 9 would raise many detailed difficulties which called for further discussion. He suggested the appointment of a sub-committee to examine these matters and report back. Mr. Attlee's proposals were confined to the question of precedence. There was also the question of title. South Africa would like to see High Commissioners designated Ambassadors or Ministers Plenipotentiary, as appropriate. It should be possible to overcome the technical difficulties of accrediting: thus, Commonwealth representatives might be accredited by and to Ministers of External Affairs.

C 224321

MR. NEHRU accepted the general principles outlined in P.M.M. (48) 9, and supported the suggestion that there should be flexibility in their application.

MR. LIAQAT ALI KHAN and MR. SENANAYAKE also agreed with the general principles contained in P.M.M. (48) 9.

MR. JORDAN urged that precedence of High Commissioners should be treated on a family, rather than a formal, basis. He also suggested that some further consideration might be advisable before varying the existing rule whereby precedence of High Commissioners *inter se* is determined by order of seniority of country.

MR. ATTLEE said that his paper had aimed at getting general agreement on this question. The United Kingdom Government did not favour the absorption of High Commissioners into the diplomatic corps. As regards title, various alternatives to "High Commissioner" had been suggested but none had won general acceptance. There seemed to be general agreement that a Committee of Commonwealth representatives should be appointed to go into the points of detail; and he would arrange for such a Committee to be convened and asked to report back before the end of the Prime Ministers' meeting.

3. Commonwealth Consultation

MR. ATTLEE said that there appeared to be a general desire to examine the existing methods of consultation between Commonwealth Governments, in order to see whether they met the requirements of the present situation or whether they could be improved. The situation had been changed by the increased tempo of affairs and the need for rapid action. There had also been some change in the degree of common interest between Commonwealth countries. Although there was still much of common interest to all, there were now many questions which concerned certain Commonwealth countries or groups of countries much more directly than others. Thus, members of the sterling area had common financial interests which were not shared in the same degree by Canada. There were questions of security in the South Pacific in which Australia and New Zealand had a closer interest than other Commonwealth countries. The economic development of South-East Asia was of particular interest to Australia, New Zealand, India, Pakistan and Ceylon. Atlantic security affected Canada and the United Kingdom more closely than other Commonwealth countries. And African questions were of special concern to South Africa. It would be wrong, therefore, to apply a rigid and uniform pattern of consultation to all subjects. Future arrangements must be more flexible, and it was natural that on certain matters there should be fuller consultation between some Commonwealth countries than between others. It followed that there was not always a "Commonwealth view" on every subject: it might often be a matter rather of ascertaining the Canadian view or the Australian view or the Indian view. It also followed that there would be increasingly frequent need for regional discussions between the Commonwealth countries specially concerned with a given problem. The composition of these groups would naturally vary according to the nature of the subject.

Mr. Attlee next emphasised the need for supplementing written communications by more frequent personal contacts. Meetings of Commonwealth Prime Ministers were of great value in providing opportunities for the free exchange of views and promoting greater understanding of common purposes, and he suggested that such meetings should be held more frequently, possibly at intervals of two or three years. He appreciated the practical difficulties of gathering Prime Ministers together, particularly now that nine countries were involved, but he again emphasised the value of these meetings and suggested that the aim should be more frequent informal meetings rather than the old-style formal meetings, with elaborate agenda and many committees, held at infrequent intervals.

In the intervals between the meetings of Prime Ministers, there might be meetings of Commonwealth Ministers responsible for foreign affairs, economic affairs, and defence. Ministers attending such meetings would not be expected to commit their Governments to decisions, and here again regional conferences of the countries most directly concerned might often be the right way of dealing with particular points. These meetings need not always be held in London. For the secretarial services at such meetings he would be glad to place the experience of the United Kingdom Cabinet Secretariat at the disposal of any Commonwealth Government which might desire to use it.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

These meetings could be held only at relatively long intervals and the need remained for arrangements to enable Commonwealth representatives in London to establish even more regular personal contacts with Ministers and officials concerned in the formulation of policy. This also applied, of course, to capitals other than London.

Turning to the three main subjects on which closer consultation was required, Mr. Attlee dealt first with foreign affairs. There could be no question of trying to frame a uniform foreign policy for the Commonwealth as a whole. Each member country must continue to form its independent judgment on matters of foreign policy. At the same time members of the Commonwealth had many common interests, and it was most desirable that they should be able to form their judgments with a full knowledge of the views and interests of other members. The United Kingdom Government were particularly anxious to be seized of the views of Commonwealth countries at an early stage, so that when a crisis arose they should not be deprived of the advantages of those views for want of time to obtain them.

In reply to a question by Mr. Louw, Mr. Attlee said that he had particularly in mind closer and more regular personal contacts between Commonwealth High Commissioners in London and the Foreign Secretary. Mr. Bevin had recently invited High Commissioners to approach him directly on matters of foreign policy, and he hoped that they would take full advantage of this. The Secretary of State for Commonwealth Relations would be kept informed of such meetings and would normally be present at them. In addition to these continuing contacts in London, Mr. Attlee suggested that there should be frequent meetings of Ministers of External Affairs, perhaps once or twice a year. Here again, all Commonwealth countries need not necessarily be represented at every meeting, and the meetings need not always be held in London. It would perhaps be convenient if some of them could be timed to be held just before or after a meeting of the United Nations Assembly.

The Political Secretaries of the Commonwealth High Commissioners also had a right of direct access to the Foreign Office, mainly for the purpose of collecting factual information, and he hoped that fuller use would be made of this facility.

As regards economic affairs, discussion at meetings in the previous week had shown a general desire for more regular consultation. There was need for more regular exchange of information about the future intentions of Commonwealth Governments in the economic field, though here again it was important to bear in mind that final decisions could only be taken by Governments. Much the same procedure might be followed as for foreign affairs, *e.g.*, there should be meetings of Ministers or senior officials, not necessarily in London, and not necessarily including all members of the Commonwealth For example, problems of economic development in South-East Asia might well be discussed by representatives of the United Kingdom, Australia, New Zealand, India, Pakistan and Ceylon. It was also important that there should be closer contact between the central organisations dealing with economic planning in London and the senior economic advisers of the other Commonwealth Governments. But meetings, which at best could only be periodical, must be supplemented by a regular flow of information, week by week, on economic subjects, and it might be useful for this purpose if some central focus could be established in London for the exchange of information between Commonwealth Governments on all economic subjects. There might be a Standing Committee for this purpose, through which the economic advisers attached to the Commonwealth High Commissioners in London could maintain direct and regular contact with the appropriate officials of United Kingdom Departments. There were already in existence two such official committees : first, the Sterling Area Statistical Committee, which met at regular intervals to review dollar expenditure and, second, the Commonwealth Liaison Committee for the European Recovery Programme, which was designed to keep Commonwealth countries in close touch with the development of the European Recovery Programme. Neither of these Committees was, however, designed to provide regular information on subjects such as bilateral trade agreements and the supply of capital goods, which had been mentioned in the discussions in the previous week. It might, therefore, be advisable to reconstitute these two Committees as one Committee with broader terms of reference, which should serve as a focus for the exchange of information between Commonwealth countries on all economic questions of common interest. Such a Committee would work, in a wider field, on the same model as the two existing Committees, which had proved their value in practice. It would comprise official representatives of all the Commonwealth

High Commissioners in London and representatives of all the economic Departments of the United Kingdom Government. It might also be possible to set up parallel Committees in some of the other Commonwealth capitals.

Mr. Attlee emphasised that no such Committee could be a medium for formulating Commonwealth policy on economic questions, still less for reaching decisions, which must remain in the hands of Governments. It would, however, provide a forum for the exchange of information, a general background of knowledge and common understanding, and advance information of probable future developments, which would give Commonwealth Governments a chance of making their views known early enough to enable them to be taken into account in the formulation of economic policy.

In conclusion, Mr. Attlee said that he did not wish to put forward any specific proposals for closer consultation on defence until the general problems of defence had been discussed at the meeting arranged for 20th October.

Mr. St. LAURENT said that Canada was in a somewhat special position. She had, however, greatly appreciated all the opportunities for contact with other Commonwealth countries in the past and would certainly try to send representatives to any meetings which might be arranged for the future. He agreed that a meeting of Prime Ministers every two or three years was a reasonable aim, but doubted whether any fixed interval should be rigidly prescribed. Meetings of the United Nations Assembly would offer a suitable opportunity for meetings of Ministers of External Affairs. Canada appreciated past endeavours to keep her well informed on foreign affairs, and she had done her best to reciprocate. Where personal meetings were required, these could no doubt be arranged, if necessary on a regional basis. Canada would be glad to have such meetings held in Ottawa, when appropriate. The object of such meetings would be discussion and the exchange of views : final decisions must be reserved to Governments. Close and continuing contact between High Commissioners and the Government Departments in capitals where they were stationed was most important; and it was Canada's experience that this was secured under existing practice both in London and in other Commonwealth capitals.

As regards foreign relations, Canada was in a special position as a country of the North American continent. Many of her problems concerned herself and the United States exclusively, but she had always striven, in dealing with those problems, to avoid doing anything which might embarrass other Commonwealth countries. The work of the North American Defence Board, for example, had not caused any embarrassment to any Commonwealth Government.

On the economic side, Mr. St. Laurent said that, although he looked forward to the ultimate restoration of multilateral trading, international trade was at present very largely on a bilateral basis and could most conveniently be discussed bilaterally. Canada and the United Kingdom, for instance, had recently set up a Committee to keep under review their common economic problems and the progress of the measures taken to ease them. No doubt the work of this Committee could, if desired, be integrated with the larger Committee which had been suggested; but for the moment it was concerned largely with matters of detail which would not be suitable for discussion by a larger Committee. The problems of Anglo-Canadian trade, with their dollar implications, were primarily a matter for those two countries, but he appreciated that they would have repercussions on other sterling countries.

Speaking generally, he felt that what was required was, not so much to set up a new and elaborate organisation for Commonwealth consultation, as to ensure that the existing organisations functioned more effectively.

Dr. EVATT welcomed the proposals put forward by Mr. Attlee, and suggested that they might with advantage be examined in detail by a committee of the Conference. During the war, consultation between the United Kingdom Government and the other Commonwealth Governments had on occasion been seriously inadequate; indeed, important decisions had from time to time been taken, as at Yalta, on which no information at all had been given to Commonwealth Governments at the time. Mr. Curtin had been deeply concerned at this situation and had for this reason put forward, at the Prime Ministers' meeting in 1944, a suggestion that machinery should be devised which would avoid the recurrence of such incidents. Since the war, consultation between the United Kingdom Government and other Commonwealth Governments had markedly improved; and the flow of information provided by despatch and telegram was much appreciated. But the need still remained for improving the existing machinery, or devising new machinery, which would ensure that, before important

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C 224324

decisions were taken there was proper consultation between the United Kingdom Government and other Commonwealth Governments. To be effective, consultation must be timely: it was not enough for Commonwealth Governments merely to be kept informed of developments as they occurred. In view of the rapid tempo of events, effective consultation in foreign affairs might not always be easy; but decisions in this field often involved issues of vital importance to the Commonwealth. In particular, all Commonwealth countries were interested in European problems, since these might raise fundamental issues of peace or war. As regards the specific proposals put forward by the Prime Minister, he supported the idea of regular meetings of Prime Ministers, though he thought that the suggested interval of two or three years was rather too long. He strongly supported the suggestion that the contacts between Commonwealth High Commissioners in London and various United Kingdom Departments should be developed: it was particularly important that Commonwealth High Commissioners should be in close touch with the Foreign Office. In his view, these regular contacts ought to be supplemented by meetings of Commonwealth Foreign Ministers, or their deputies, which should be held twice a year. Such meetings, which might take place in the different Commonwealth capitals according to convenience, would afford an opportunity for the Ministers concerned to acquaint themselves with the trends of opinion in the Commonwealth and to ascertain the extent to which there was agreement between the views of Commonwealth Governments on important international issues. He thought that the success of the Canberra Conference in 1947 indicated the benefit which was likely to be obtained from such meetings. In the financial and economic field, however, he was not sure whether there would be any great advantage in the establishment of a new committee, on the lines suggested by Mr. Attlee, merely for the exchange of information. This limited function could be adequately fulfilled by the High Commissioners themselves, who would in any event be in a better position than officials to discuss issues of policy. Final decisions could only be taken by Governments; but in this field there appeared to be no reason why there should not be adequate Commonwealth consultation before final decisions were made.

MR. FRASER said that he was in general agreement with the proposals put forward by Mr. Attlee. He thought that there would be advantage in establishing machinery for joint discussion of financial and economic questions. By this means, Commonwealth Governments would be enabled to gain regular information about each other's needs and problems. He thought, too, that there would be merit in setting up a committee on which Commonwealth Governments would be represented by financial and economic experts. These would be attached to the offices of the Commonwealth High Commissioners in London and would therefore be in constant consultation with their own High Commissioners; and occasional meetings might be held which the High Commissioners themselves could attend. He supported the proposal for regular meetings of Commonwealth Prime Ministers, although there were bound to be serious practical difficulties in the way of arranging times suitable to the general convenience. He also welcomed the proposal that there might be regular meetings of Commonwealth Ministers on foreign affairs and other problems. Nevertheless, he wished it placed on record that in his view the arrangements for consultation between the United Kingdom Government and the other Commonwealth Governments had never been better than they were at present. The urgent pressure of events, however, inevitably made effective consultation impossible at times; and it was clearly desirable to review the existing arrangements for consultation in order to limit such occasions to the minimum. There was one point on which some change in existing practice was desirable. In the past the United Kingdom Government had assumed that failure to reply to a communication by a prescribed time implied that the Commonwealth Government consulted had no objection to a given proposal. Under present conditions action ought not to be based on this assumption.

MR. LOUW said that his Government, in the short time for which they had been in office, had been much impressed with the existing arrangements for the communication of information to Commonwealth Prime Ministers. His Prime Minister had asked him to express the appreciation of the South African Government for the full information which had been supplied to them on current matters. If the status of High Commissioners were raised, and if it were understood that they had a right of access to the Foreign Secretary, South Africa would consider that the present arrangements for consultation with the United Kingdom Government were satisfactory.

C224325

Commonwealth Governments should not be presented with *faits accomplis*. There was no profit in regular transmission of information and consultation if it applied only to minor matters, and did not extend equally to major decisions. Where telegraphic consultation was not enough, oral explanations should be given through the High Commissioner.

With regard to Mr. Attlee's specific proposals, the South African Government did not consider that the Commonwealth should be regarded as a unit for economic, political or defence purposes. Though they were glad to be consulted on all such matters, they would deprecate any steps which gave even an appearance of development in that direction. But regional consultation was necessary; South Africa was naturally most concerned with African affairs, and on these her consultations were likely to be mainly with the United Kingdom.

Mr. Louw doubted whether it would be necessary to have more frequent Ministerial meetings. Important events requiring consultation might occur between such meetings. Moreover, the number of overseas meetings which Ministers of External Affairs, and their advisers, already had to attend was such as to prejudice their work at home.

There was the possibility that the suggested arrangements for economic consultation might develop into a permanent organisation for Commonwealth co-operation. South Africa, as he had indicated, did not favour the establishment of any permanent organisation which might imply that the Commonwealth was an economic unit, and would not wish any standing body to be more than a clearing-house for the exchange of economic information.

PANDIT NEHRU expressed general agreement with Mr. Attlee's proposals. Three years was, however, a long time to look ahead in a rapidly changing world: he would prefer to say that meetings of Prime Ministers should be held as often as possible. Ministers of External Affairs—a portfolio often held by the Prime Minister—might find it difficult to meet as often as twice a year, but they should certainly do so whenever possible.

Regional conferences were desirable, although it was sometimes difficult, particularly in foreign affairs, to treat any problem as of purely regional interest. Moreover, regional problems would often concern nations which were not members of the Commonwealth. In any joint consultations about South-East Asia, India would wish, for instance, to see Burma included: but if she were included, the meeting would cease to be a purely Commonwealth affair. In economic affairs frequent meetings were desirable, though it had to be remembered that Commonwealth Governments were responsible to sovereign Parliaments.

High Commissioners should certainly have free access to Ministers of the Governments in whose countries they were stationed; and everything possible should be done to ensure that Commonwealth Governments were consulted while there was still time for their views to be taken into account.

MR. LIAQAT ALI KHAN said that the Commonwealth had become an important instrument for peace and progress. As such, it could be most effective if all its members pursued a common line. Necessary though consultation was for that purpose, consultation alone was not enough. The Commonwealth might be likened to a club which, beginning with foundation members, had gradually extended its membership, the latest joined members having equal rights, privileges and obligations with the others. But it was not his conception of a club that it should offer, as it sole amenity, the opportunity to read the newspapers in solitude and then to go home. If the Commonwealth were really to play its part in world affairs for its members, there must be not merely consultation, but also collaboration. Consultation, if it were not to be sterile, should have as its objectives (*a*) closer economic collaboration; (*b*) better co-operation in the spheres of politics and defence; and (*c*) means of seeking settlement of any differences between member countries. He therefore suggested that, at appropriate intervals, there should be *ad hoc* meetings, both of Ministers and of officials. The present machinery for consultation and collaboration should be improved, with particular respect to economic and foreign affairs. On foreign affairs hung the issues of peace or war. Telegrams from the Commonwealth Relations Office, though informative, were not always enough. On large questions the views of Commonwealth countries ought to be available to the Foreign Secretary of the United Kingdom. It should no longer be possible to say that Commonwealth foreign policy was decided in London alone.

It would not be enough to limit economic consultation to the maintenance of a clearing-house for information. Unless members of the Commonwealth could

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C 224326

know and understand each other's problems, the policy of individual Governments could not be framed to take account of the interests of the Commonwealth as a whole. Bilateral or regional discussions were often necessary: but more consultation throughout the Commonwealth was necessary if the Commonwealth were to be effective.

With Mr. Attlee's specific proposals for meetings of Prime Ministers, Ministers of External Affairs and others, and for holding meetings in other Commonwealth capitals, he was in entire agreement.

Discussion was then adjourned until the afternoon meeting.

Cabinet Office, S.W. 1,
18*th October*, 1948.

C 224327

SECRET

P.M.M. (48) 8th Meeting

MEETING OF PRIME MINISTERS

MINUTES of the Eighth Meeting held at 10 *Downing Street, S.W.* 1, *on Monday,* 18*th October,* 1948, *at* 2·30 *p.m.*

Present:

The Right Hon. C. R. ATTLEE, M.P., Prime Minister of the United Kingdom (*in the Chair*)

UNITED KINGDOM

The Right Hon. ERNEST BEVIN, M.P., Secretary of State for Foreign Affairs.

The Right Hon. Sir STAFFORD CRIPPS, K.C., M.P., Chancellor of the Exchequer.

The Right Hon. A. V. ALEXANDER, M.P., Minister of Defence.

The Right Hon. HUGH DALTON, M.P., Chancellor of the Duchy of Lancaster.

The Right Hon. VISCOUNT ADDISON, Lord Privy Seal.

The Right Hon. VISCOUNT JOWITT, Lord Chancellor.

The Right Hon. P. J. NOEL-BAKER, M.P., Secretary of State for Commonwealth Relations.

The Right Hon. J. H. WILSON, M.P., President of the Board of Trade.

Mr. P. C. GORDON-WALKER, M.P., Parliamentary Under-Secretary of State for Commonwealth Relations.

Sir ERIC MACHTIG, Commonwealth Relations Office.

Sir NOEL CHARLES, Foreign Office.

Mr. G. W. FURLONGE, Foreign Office.

Mr. S. L. HOLMES, Board of Trade.

CANADA

The Right Hon. L. S. ST. LAURENT, Minister of Justice.

Mr. NORMAN ROBERTSON, High Commissioner for Canada in London.

Mr. J. W. PICKERSGILL.

AUSTRALIA

The Right Hon. H. V. EVATT, K.C., Deputy Prime Minister of Australia.

The Right Hon. J. A. BEASLEY, High Commissioner for Australia in London.

Dr. H. C. COOMBS.

Mr. PATRICK SHAW.

Mr. J. OLDHAM.

NEW ZEALAND

The Right Hon. PETER FRASER, Prime Minister of New Zealand.

The Right Hon. W. J. JORDAN, High Commissioner for New Zealand in London.

Mr. A. D. MCINTOSH.

SOUTH AFRICA

The Hon. E. H. LOUW, Minister of Mines and Economic Affairs.

Mr. LEIF EGELAND, High Commissioner for South Africa in London.

Mr. W. C. NAUDÉ.

INDIA

PANDIT JAWAHARLAL NEHRU, Prime Minister of India.

Mr. V. K. KRISHNA MENON, High Commissioner for India in London.

Sir GIRJA BAJPAI.

PAKISTAN

Mr. LIAQAT ALI KHAN, Prime Minister of Pakistan.

Sir ZAFRULLAH KHAN, Minister for Foreign Affairs.

HABIB IBRAHIM RAHIMTOOLA, High Commissioner for Pakistan in London.

Mr. MOHAMMAD ALI.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C 224328

CEYLON

The Hon. D. S. SENANAYAKE, Prime Minister of Ceylon.

Sir OLIVER GOONETILLEKE, High Commissioner for Ceylon in London.

Mr. K. VAITHIANATHAN.

Mr. N. W. ATUKORALA.

SOUTHERN RHODESIA

The Right Hon. Sir GODFREY HUGGINS, Prime Minister of Southern Rhodesia.

Mr. K. M. GOODENOUGH, High Commissioner for Southern Rhodesia in London.

Secretariat

Sir NORMAN BROOK.
Sir GILBERT LAITHWAITE.

CONTENTS

Minute	*Subject*	*Page*
1	Commonwealth Consultation	2
2	Ceylon's Application for Membership of the United Nations Organisation	5

1. Commonwealth Consultation

(Previous Reference: P.M.M. (48) 7th Meeting, Minute 3)

The meeting resumed the discussion on methods of consultation between Commonwealth Governments which had been begun earlier in the day.

MR. SENANAYAKE agreed with earlier speakers that there should be regular meetings of Commonwealth Ministers. He also endorsed the view expressed by Mr. Liaqat Ali Khan that there should be more stress on consultation with other Commonwealth Governments, in addition to the present satisfactory flow of information. The methods of consultation proposed by Mr. Attlee were agreeable to Ceylon.

SIR GODFREY HUGGINS said that he doubted whether this meeting would be more successful than earlier meetings in finding means of improving the machinery for Commonwealth consultation. He supported the proposal which had been made for consultation on a regional basis. He thought it inconsistent for countries which sought to loosen the ties between Commonwealth countries to ask at the same time for increased consultation.

MR. NOEL-BAKER said that Commonwealth consultation was now closer and more effective than ever in the past. In 1947 eleven times as many circular telegrams, and four times as many other written communications, had been sent out by the Commonwealth Relations Office to other Commonwealth Governments as in 1937. Considerable importance was also attached to meetings with Commonwealth High Commissioners in London. The Commonwealth Relations Office did not in any way stand between the High Commissioners' Offices and other United Kingdom Government Departments. On the contrary, it was his aim and that of his Department to bring Commonwealth High Commissioners and their staffs into close touch with other United Kingdom Government Departments. An instance of direct contact which his Department had arranged was that between the Australian High Commissioner's Office and the Ministry of Transport in the provision of ships for migrants for Australia. There was also direct contact between Commonwealth High Commissioners' Offices and the Foreign Office on foreign affairs. It often happened, of course, that he himself, or members of his Office, were present at these direct discussions. Mr. Noel-Baker also thought that more frequent meetings of Commonwealth Ministers in London and in other Commonwealth capitals would be most useful. These would afford an opportunity for providing Commonwealth Governments with background information and for indicating to them the trend of developments in policy. They would be less suitable as occasions for taking specific decisions. In the past, there always had been differences of view among Commonwealth Governments and this would no doubt continue. It was not an unhealthy sign. But consultation among

C 224329

Commonwealth Governments had also led to the independent formation of common judgments on the most important issues facing the world. When, as a result, Commonwealth countries spoke in an international forum with concordant or very nearly concordant voices, the view thus expressed carried all the greater weight. On the question of consultation generally, the Commonwealth Relations Office was willing to take any steps on the desirability of which there was general agreement among Commonwealth Governments. Meanwhile he welcomed Dr. Evatt's proposal for the setting up of a committee to go into the matter in further detail.

MR. ATTLEE said that arrangements for the supply of information and for consultation should be reciprocal. Hitherto the discussion had turned mainly on the outward flow from the United Kingdom. He trusted, however, that arrangements made for the benefit of other Commonwealth Governments or High Commissioners and members of their staffs in London would be equally and fully applied in other Commonwealth capitals for the benefit of the United Kingdom.

MR. BEVIN said that, although all Commonwealth countries were now completely equal in status, that equality did not in practice always operate in the supply of information and consultation in the field of foreign affairs. For instance, he received replies from other Commonwealth Governments when he consulted them specifically on some proposed line of policy, but he did not seem often to receive a spontaneous indication from other Commonwealth Governments of their own views on policy. He would prefer not to have to wait until he had made up his own mind on a subject, and put his conclusions to other Commonwealth Governments, before obtaining some indication of the lines on which the views of those Governments were developing. When deciding an issue of policy in the Foreign Office he always asked what was known of the views of other Commonwealth Governments and, if they were available at all times, it would be a great convenience to him. He could then take account of them at a very early stage. He would, therefore, urge all Commonwealth Governments to take the initiative in letting the United Kingdom Government have their views at an early stage.

The Commonwealth Relations Office was an essential co-ordinating factor in the process of consultation. But its existence did not prevent the Foreign Office from following the practice of treating High Commissioners not less favourably than foreign Ambassadors in the matter of direct access to him and his Department. He and his Junior Ministers were, however, busy men and could not always be available to meet High Commissioners at short notice. He hoped, therefore, that when a Minister was not available High Commissioners would talk to senior Foreign Office officials. He also felt that there was room for much more consultation on the official level, particularly in the formative stages of policy-making. He suggested that High Commissioners should designate officials to meet corresponding Foreign Office officials to make full enquiries on policy, however early might be the stage in its evolution.

Mr. Bevin said that it was not possible to reduce the principle of Commonwealth consultation to a formula. It was largely a question of establishing good personal relations. The important thing to keep clearly in view was the ultimate objective. His own feeling was that to keep concord and harmony within the Commonwealth on a basis of comradeship would be an achievement which would make the Commonwealth a strong force for world peace. This objective could be achieved without any new form of organisation by the free exchange of information and opinions, and by constant personal contact. When a new facet of policy was in process of evolution, it was often unsatisfactory to have to explain it by telegram. Oral discussion was the best course and he was, therefore, in favour of closer personal contact at all levels.

SIR STAFFORD CRIPPS said that he was in full agreement with Mr. Bevin's remarks. In the economic field, it was only recently that, both in the United Kingdom and elsewhere, unregulated private enterprise had given place to Government action and control. Because of this, there was now greater need than ever for close exchange of information and plans with the other Commonwealth countries. The United Kingdom was in a special position owing to the different facets of her economic problems—her link with the dollar area, her close ties with the Commonwealth as a whole, and her relations with Western Europe. Each of these factors had to be taken into account, and it was, therefore, of the highest importance that the United Kingdom Government should be

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

adequately informed of the economic circumstances and plans of the Commonwealth countries. It was equally important that Commonwealth Governments should be fully informed of the position in the United Kingdom. If Governments devised their economic policies in ignorance of the position in other Commonwealth countries, there was a serious risk that confusion would result. He therefore hoped that there would be general support for the proposal, put forward by Mr. Attlee, for the establishment of a Committee for the continual and mutual exchange of economic information. Such a Committee should have no power to decide policy. But the exchange of information would throw up questions which could then be handled by the Governments concerned, and it would provide a basis for all the countries of the Commonwealth to make their own economic plans with a full knowledge of those of the other countries. Commonwealth Governments would, in fact, have foreknowledge of each other's intentions instead of having to wait until difficulties emerged. Consultation was always easier at the stage where plans were only in a formative state: once they had been worked out, it was a thankless task to induce their makers to alter them. He was also in agreement with Mr. Attlee's suggestion that there should, from time to time, be meetings of the Economic Ministers of the Commonwealth, either as a whole or in groups. The mere fact of the volume of trade between Commonwealth countries meant that each must be intimately affected by the plans of the others. He suggested that skeleton machinery for consultation on the various lines suggested should be set up forthwith.

DR EVATT supported this proposal. A Committee on the lines suggested by Mr Attlee would, in his view, be very valuable.

MR. ST. LAURENT said that some of the existing *ad hoc* Committees were doing very useful work; Canada would be reluctant to see the benefits from these Committees lost by merging them with larger Committees, which could not deal so conveniently with concrete problems. One Committee which should certainly not be abolished was that which had recently been set up as the result of Sir Stafford Cripps's recent visit to Canada to deal with United Kingdom–Canada trade problems.

SIR STAFFORD CRIPPS explained that there was no intention of suggesting that this Committee should be abolished. It would certainly be necessary to continue appointing *ad hoc* bilateral Committees in appropriate cases. But the proposed Committee would absorb the Sterling Area Statistical Committee and the Commonwealth Liaison Committee for the European Recovery Programme, and would, in addition, do much necessary liaison work for which at the moment there was no provision.

MR. FRASER agreed that *ad hoc* bilateral arrangements were inevitable; but they did not give the wide sweep required. He thought that the peoples of the Commonwealth countries would expect something positive to emerge from the present conference, and that the Meeting should be in a position to announce that it had agreed (subject to the approval of the Governments concerned) to some definite step, such as the setting up of a Committee on the lines proposed by Mr. Attlee.

MR. LOUW said that he saw objection to the proposal for a permanent Committee on economic matters. Sir Stafford Cripps, if he understood him rightly, had envisaged not only economic information but also economic plans as coming within the purview of the Committee. Intentionally or unintentionally, the pooling of plans by the Committee might result in some sort of economic pressure being applied by one Commonwealth country on another. South Africa traded mainly with Great Britain and the Rhodesias, to some extent with Australia and New Zealand and not at all with India. Nearly all her trade problems were bilateral problems, and none of her economic problems were of general concern, as was the case with the problems of foreign policy and defence. South Africa would not like the idea of a permanent organisation which might have the effect, even unintentionally, of influencing policy.

SIR STAFFORD CRIPPS said that it was not the intention that the Committee should be concerned with economic planning. But it was essential that any one Commonwealth country should, in making its own plans, have information about the needs and intentions of others. The proposed Committee would ensure that all countries of the Commonwealth would have timely information about each other's intentions, so that any questions of difference could be taken up before any harm was done. At the moment it was necessary to deal bilaterally

with many subjects which ought properly to be handled in a more general context. For instance, he himself had been separately approached by a number of Commonwealth Ministers on the subject of the supply of capital goods.

MR. FRASER expressed agreement with Sir Stafford Cripps. If the other countries had known beforehand of some of the United Kingdom's bilateral trade pacts, they could have laid their own plans accordingly.

MR. ATTLEE said that it appeared to be the general wish of the Meeting that a Committee of officials should be set up, as suggested by Dr. Evatt, to work out his proposals in detail in the light of the discussion.

It was agreed that the discussion should be resumed on the basis of the Committee's conclusions.

2. Ceylon's Application for Membership of the United Nations Organisation

MR. ATTLEE said that two papers (P.M.M. (48) 11 and P.M.M. (48) 12) relating to Ceylon's application for membership of the United Nations had been circulated at the request of the Prime Minister of Ceylon. The first proposed that the present meeting of Commonwealth Prime Ministers should issue a declaration, which could be made public, affirming that Ceylon enjoyed the same status as the other self-governing countries of the Commonwealth. The second asked for the support of Commonwealth Governments for a resolution, which was shortly to be moved by the Argentine Delegation in the United Nations General Assembly, proposing that countries receiving seven supporting votes on the Security Council should be admitted to membership of the Organisation.

MR. SENANAYAKE said that the people of Ceylon had been deeply disturbed by the action of the Soviet Government in vetoing, in the Security Council, Ceylon's application for membership of the United Nations. Very great importance was attached to this question, and he thought that a declaration on the lines suggested in P.M.M. (48) 11 might serve to demonstrate Ceylon's fitness for admission. The Argentine resolution appeared to afford a practical method by which Ceylon might secure membership, and he thought that public opinion in his country would seriously misunderstand any failure by the other Commonwealth Governments to support it. He was anxious to avoid a situation arising in which the people of Ceylon ascribed their country's failure to secure admission to the United Nations to her continued membership of the Commonwealth.

There was general support for the proposal that a statement should be issued on the lines proposed in P.M.M. (48) 11. After discussion, it was agreed that this should be in the following terms—

> "The Prime Ministers of the British Commonwealth of Nations have taken note of the constitutional documents published by the Ceylon Government in Ceylon Sessional Paper XXII of 1947 under the title 'The Independence of Ceylon' and in Ceylon Sessional Paper III of 1948 under the title 'The Constitution of Ceylon.' They affirm that Ceylon enjoys the same sovereign independent status as those self-governing countries of the British Commonwealth which are members of the United Nations."

MR. ATTLEE said that the most convenient arrangement would be to include this statement in the final communiqué to be issued at the end of the series of meetings.

Discussion then turned to the proposal in P.M.M. (48) 12 that Commonwealth Governments should support the Argentine resolution in the General Assembly proposing a revision of the procedure for admission to membership of the United Nations.

MR. BEVIN said that he had great sympathy with Ceylon in her disappointment at the failure of her application. All members of the Commonwealth were anxious for her success. He was confident that her application would eventually succeed. He did not think, however, that the Argentine resolution would provide a solution of the difficulty. He was advised that it was clearly inconsistent with the terms of the Charter; and, even if it were passed, it could not be effective, and Ceylon would thus have gained no advantage. It was, moreover, most undesirable, in his view, to invite a major conflict on the veto issue on an individual claim for membership. No advantage could accrue to Ceylon from attempting to find a solution of her problems by opening up these far-reaching issues in relation to her application for membership.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C 224332

DR. EVATT endorsed Mr. Bevin's views. The Argentine resolution was inconsistent with the Charter, and could not therefore be effective. A solution must sooner or later be found for the problem created by the Soviet use of the veto. In the meantime, Ceylon could be assured that her application had the full support of the other members of the Commonwealth; and he thought that the better course was to invite the General Assembly to pass a resolution asking the Security Council to reconsider their decision. It was unlikely that the Argentine resolution would be rejected as it stood : it was more probable that an amendment would be moved which other Commonwealth Governments could support. This would avoid the political consequences in Ceylon about which Mr. Senanayake had expressed anxiety.

MR. NEHRU said that he was in agreement with Mr. Bevin and Dr. Evatt. Any proposal to amend the Charter would raise very grave issues indeed; there would be no advantage to Ceylon in raising these on her application.

MR. NOEL-BAKER suggested that Commonwealth Delegations in the United Nations should be asked to make it clear that opposition to the Argentine proposal did not imply any lack of sympathy with Ceylon's application. He hoped that they would also make every effort to secure the widest support for any resolution that might be put forward in the General Assembly in favour of Ceylon's application.

MR. BEVIN said that he would give appropriate instructions to the United Kingdom Delegation.

MR. SENANAYAKE said that he did not wish to press his proposal further in view of the opinions expressed in the discussion.

Cabinet Office, S.W. 1,
18*th October*, 1948.

C 224333

SECRET

P.M.M. (48) 9th Meeting

MEETING OF PRIME MINISTERS

MINUTES of the Ninth Meeting held at 10 *Downing Street, S.W.* 1, *on Tuesday,* 19*th October,* 1948, *at* 11 *a.m.*

Present :

The Right Hon. C. R. ATTLEE, M.P., Prime Minister of the United Kingdom (*in the Chair*)

UNITED KINGDOM

The Right Hon. HERBERT MORRISON, M.P., Lord President of the Council.

The Right Hon. ERNEST BEVIN, M.P., Secretary of State for Foreign Affairs.

The Right Hon. Sir STAFFORD CRIPPS, K.C., M.P., Chancellor of the Exchequer.

The Right Hon. A. V. ALEXANDER, M.P., Minister of Defence.

The Right Hon. VISCOUNT ADDISON, Lord Privy Seal.

The Right Hon. A. CREECH JONES, M.P., Secretary of State for the Colonies.

The Right Hon. P. J. NOEL-BAKER, M.P., Secretary of State for Commonwealth Relations.

The Right Hon. J. H. WILSON, M.P., President of the Board of Trade.

The Right Hon. VISCOUNT HALL, First Lord of the Admiralty.

The Right Hon. E. SHINWELL, M.P., Secretary of State for War.

The Right Hon. ARTHUR HENDERSON, K.C., M.P., Secretary of State for Air.

Mr. P. C. GORDON-WALKER, M.P., Parliamentary Under-Secretary of State for Commonwealth Relations.

The Right Hon. MALCOLM MACDONALD, Commissioner-General for South-East Asia.

Marshal of the Royal Air Force LORD TEDDER, Chief of the Air Staff.

Admiral LORD FRASER OF NORTH CAPE, First Sea Lord and Chief of Naval Staff.

Lieut.-General G. W. R. TEMPLER, Vice-Chief of the Imperial General Staff.

Lieut.-General Sir LESLIE HOLLIS, R.M., Chief Staff Officer to the Minister of Defence.

Sir ERIC MACHTIG, Commonwealth Relations Office.

Mr. JOHN RUSSELL, Foreign Office.

CANADA

The Right Hon. L. S. ST. LAURENT, Minister of Justice.

Mr. NORMAN ROBERTSON, High Commissioner for Canada in London.

Mr. J. W. PICKERSGILL.

Mr. R. A. D. FORD.

AUSTRALIA

The Right Hon. H. V. EVATT, K.C., Attorney-General and Minister of External Affairs of Australia.

The Right Hon. J. A. BEASLEY, High Commissioner for Australia in London.

Dr. H. C. COOMBS.

Mr. PATRICK SHAW.

Mr. J. OLDHAM.

NEW ZEALAND

The Right Hon. PETER FRASER, Prime Minister of New Zealand.

The Right Hon. W. J. JORDAN, High Commissioner for New Zealand in London.

Mr. A. D. MCINTOSH.

SOUTH AFRICA

The Hon. E. H. LOUW, Minister of Mines and Economic Affairs.

Mr. LEIF EGELAND, High Commissioner for South Africa in London.

Mr. W. C. NAUDÉ.

Major-General W. H. E. POOLE.

INDIA

PANDIT JAWAHARLAL NEHRU, Prime Minister of India.

Mr. V. K. KRISHNA MENON, High Commissioner for India in London.

Sir GIRJA BAJPAI.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C 224334

PAKISTAN

Mr. LIAQAT ALI KHAN, Prime Minister of Pakistan.
Sir ZAFRULLAH KHAN, Minister for Foreign Affairs.
Mr. MOHAMMAD ALI.
Mr. G. AHMAD.
Mr. QUARISHI.

CEYLON

The Right Hon. D. S. SENANAYAKE, Prime Minister of Ceylon.
Sir OLIVER GOONETILLEKE, High Commissioner for Ceylon in London.
Mr. K. VAITHIANATHAN.
Mr. N. W. ATUKORALA.

SOUTHERN RHODESIA

The Right Hon. Sir GODFREY HUGGINS, Prime Minister of Southern Rhodesia.
Mr. K. M. GOODENOUGH, High Commissioner for Southern Rhodesia in London.

Secretariat

Sir GILBERT LAITHWAITE.
Mr. S. E. V. LUKE.

CONTENTS

Foreign Affairs

Foreign Affairs

(Previous reference: P.M.M. (48) 4th Meeting.)

At the invitation of Mr. Attlee, MR. BEVIN gave a review of the political situation in the western world.

MR. BEVIN said that, since the end of the war, the situation in Europe had grown steadily more difficult. It had been agreed by the Allied Powers that there should be free democratic elections in all the liberated countries, but it soon became clear that the Soviet Government had no intention of adhering to this agreement. In Poland, for instance, the Communists quickly secured control of the key post of the Ministry of the Interior. This gave them control of the police; all the apparatus of a police State was promptly put into action and other parties were forced to merge or were drastically purged. In Hungary, free elections were held, and were won by the Small-holders' Party. Soon, however, the familiar methods were employed: there was a purge, and the Communists seized control. In Roumania, the elected Government was destroyed by the Communists as early as 1945. The situation was discussed in Moscow in that year, when the United States representative took the view that, if the Opposition could be represented in the Governments of these liberated countries, democratic freedom would have been reasonably safeguarded. Great efforts were made by both the United States and the United Kingdom to secure at least this element of protection for minority opinion in Roumania, Bulgaria, Albania and elsewhere, but they were quite ineffective. By these means, the Soviet Union had secured effective control over the whole of *Eastern Europe*. None of these countries could move in foreign affairs or in economic matters without the approval of the Soviet Government. The Western Allies had found themselves powerless to help these countries. Protests, enquiries and Four-Power meetings had proved equally useless, and they had been treated as if these matters were in no sense their legitimate concern.

In *Germany*, the issue had emerged in its most acute form. Germany lay very near to the United Kingdom, and the security and future of Western Europe would be intimately affected by what happened there. It had long been clear that the Soviet Government intended to create a situation in Germany which would enable it to produce the same results there as it had achieved in the Eastern European countries. The Western Allies on their side had sought to build up a united democratic Germany based on a federal system, with considerable powers left to the individual Länder. The Soviet Union, on the other hand, had aimed

C224335

at the establishment of a highly centralised State. The Soviet authorities had trained and indoctrinated a large police force in the Eastern Zone and, behind this, stood the army of German prisoners which was being organised by Field-Marshal von Paulus and others. If the troops were withdrawn from the Western Zones, all Germany east of the Rhine would fall a victim to communism. West of Germany stood France, which was very weak and about one-quarter Communist. In Italy, also, there were eight million Communists. They had lost the recent elections, but there could be no certainty that the position there would remain stable. Western Germany must, therefore, be regarded in present circumstances as the main bulwark against further Communist aggression.

It had, therefore, been the object of the Western Allies both to reorganise Germany on a basis of genuine democracy and to recreate her economic life; in their view, the occupation should be maintained until the new Germany was firmly established. Expediency alone demanded that the Germans should be assisted to attain a reasonable standard of life. The object of the Soviet Government, on the other hand, was clearly to keep Germany in a state of chaos. With this object, they had stripped Eastern Germany of her capital assets, and even so had claimed that reparations should be paid out of current production. It was clear that Germany could not, out of her own diminished resources, pay reparations on this basis, and that, therefore, if this claim were conceded, payment would, in fact, be made by the United Kingdom and the United States. The United Kingdom Government were at one time spending as much as £160 million in one year on the British Zone alone. This burden could obviously not be maintained indefinitely, and Mr. Bevin had had to make it clear to the other Occupying Powers that it would be necessary for the United Kingdom Government to take the necessary economic and financial steps in the British Zone to relieve the British taxpayer of this charge, even though this might involve a fundamental change of economic and financial policy. Subsequently arrangements were made for the merging of the British and American Zones. As a result, when the four Powers returned to consideration of the German peace settlement, the Bi-zone was already in existence. Further attempts were then made to obtain a Four-Power agreement on various issues, such as currency reform. For eighteen months, the experts had tried unsuccessfully to reach agreement with the Soviet authorities. At last, the Administration had introduced a drastic currency reform in the Anglo-American Zone. This measure had inevitably done some injustice to individuals, which it was hoped later to remedy, but it had put the currency of the Bi-zone on a sound basis, and the standard of living and production were both improving.

At the same time it was decided to introduce a new Constitution in the Anglo-American Zone. These decisions brought matters to a head, and on 18th June the Soviet authorities had cut all land and water communications between the Western Zones and Berlin. At the outset, it had not been expected that the air lift could be more than a temporary expedient; it had, however, succeeded far beyond expectations, and it seemed likely that it could be maintained almost indefinitely. The Western Powers had agreed to accept Soviet currency for all the sectors of Berlin, provided that its use was placed under quadripartite control. Discussions took place between the four Military Governors in Berlin, but eventually the Soviet Government refused to make any concession on the fundamental point of quadripartite control, and the negotiations broke down. From the point of view of the international situation generally, the Berlin crisis had done some good. It had proved the capacity and resolution of the Western Powers. At the start of the air lift there had been some anxiety lest the Soviet authorities should provoke incidents by the use of fighter aircraft, barrages, &c. They had not in fact done so; and Mr. Bevin thought they would be disinclined to provoke any incident likely to lead to war as long as the Western Powers maintained a firm and united attitude. The further success of Communist penetration would, in his view, depend on Western Europe's capacity to resist the Soviet technique of piece-meal absorption of individual States. Indeed, his impression was that the Soviet Government had reached the conclusion that its policy had been excessively aggressive, and was anxious to withdraw from the extreme position which it had taken.

It had been agreed in Moscow in 1943 that, at the end of the war, *Austria* should be re-established as an independent State within her 1938 boundaries. But efforts to conclude a Peace Treaty had so far proved unsuccessful. The main cause of the trouble was Yugoslavia's claims in Carinthia: but in a plebiscite after the First World War this province had decided to join Austria, and there were no grounds to justify its transfer to Yugoslavia now. Such action would, moreover, place Austria in a poor strategic position. Difficulty had also arisen

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C 224336

over another question. It had been agreed that no reparations, apart from German assets, should be exacted from Austria. The Soviet Government had interpreted the term "German assets" in the broadest sense to cover all assets in German possession. In the view of the other Powers concerned, there could be no justification for removing assets which had been seized under duress, after the German occupation of Austria in 1938, except where reasonable compensation had been paid. It had not, however, been possible to secure agreement on this issue.

Every effort had been made to reach a settlement in *Trieste*. The population of the City was overwhelmingly Italian and there was no case for transferring it to Yugoslav sovereignty. Nevertheless, the Yugoslav Government had made determined attempts to secure control of the City. It had proved impossible to obtain agreement on the appointment of a Governor, and the present position was that Trieste remained in the occupation of United States and United Kingdom troops as a bastion on the edge of the Iron Curtain. To end the deadlock the United States, the United Kingdom and France had proposed that the Territory should be ceded to Italy. It was, perhaps, significant than this proposal had not in fact been rejected.

The problem of Greece was strategic rather than political. The real issue was whether the Soviet Union could secure control of the Dardenelles, and whether Greece and Turkey should become Soviet satellites. Mr. Bevin had himself asked M. Stalin in Moscow what were his desiderata as regards the Dardanelles, and the latter had replied that he wanted a base there. Mr. Bevin had indicated that it was unlikely that the United Kingdom Government could accept such a proposal, but he had suggested that the Montreux Powers should be convened to discuss the matter, the place of Japan being taken by the United States. He had received no response to this suggestion. When he asked M. Stalin how he proposed to prevent the question of the Dardanelles developing into a continuing source of friction with the Western Powers, the latter had replied that, if he could not settle the matter by agreement with the Western Powers, he would settle it direct with Turkey. There seemed little doubt that the civil war in Greece, which had followed, represented a move towards the Soviet objective. It was in line with the usual Communist tactics of infiltration leading up to military occupation, with the aim of presenting the Western Powers with a *fait accompli*.

In the light of these developments, the United Kingdom Government had felt it necessary to take effective measures to call a halt to Soviet aggression. Agreement with France had been delayed because of General de Gaulle's insistence on the detachment of the Ruhr from Germany. Mr. Bevin had been unwilling to create so dangerous an irredentist problem in Europe or to accept so grave a weakening of Germany's economy. His view had been that the right course was to leave the German Government to socialise the Ruhr industries, and that this would be the most effective safeguard against their use for aggressive purposes. Subsequent French Governments had been more amenable, and the first stage in the policy of *Western Union* had been the conclusion of the Treaty of Dunkirk. The basic assumption of the policy of Western Union was that, if only for reasons of cost, the United Kingdom was not in a position to build up effective defences by her own efforts alone. On the other hand, the United Kingdom Government did not wish to be wholly dependent on the United States Government. The policy of Western Union was, therefore, based on the principle inherent in the Marshall Plan, that is that aid should depend upon the degree of self-help. The scope of this policy was more limited than the European Recovery Programme; the signatories of the Brussels Treaty were the United Kingdom's immediate neighbours. The most notable feature of this Treaty was its functional nature; its purpose was to secure collective action in economic and cultural matters as well as in defence. Commonwealth Ministers would be aware that there had been considerable political discussion in the United Kingdom on the question of the form which the principle of Western Union should take. Mr. Bevin was not himself in favour of an immediate attempt to establish a United States of Europe, since he did not regard this as a practical possibility within the foreseeable future. It was alien to the British inclination to create grandiose paper constitutions; in his view the right course was to create Western Union step by step on the basis of solid practical achievements. The chief pressure for more spectacular measures came from France and Italy, but there were in fact wide divergences of view within these countries on the whole question. Mr. Bevin therefore preferred to build slowly on the lines already established in the Treaty of Brussels, but he thought that the time would shortly come when it would be advisable to hold general meetings attended both by the Foreign

C224337

Ministers of the signatory Powers and of the members of the functional committees. Experience had proved the difficulty of isolating special problems, and this appeared to offer a better means of obtaining effective collective decisions.

In giving effect to the policy of Western Union, the United Kingdom Government was fully mindful of the United Kingdom's special position as a member of the Commonwealth; and, indeed, all the signatory Powers were fully alive to the dependence of Western Europe on trade with, and the resources of, other parts of the world. In return, Western Europe would be able, when her economy had been restored, to provide the world with great supplies of capital goods. In his view, the recreation of Western Europe was the greatest contribution that could be made to the peace of the world, and this was the basic aim of the policy of Western Union. The question had arisen how far the existing group might be extended. It was not at this stage possible to say whether the Scandinavian countries would be prepared to enter into a similar association; at the present time the Scandinavian Governments were thinking in terms of a purely Scandinavian organisation. It could not be expected that Italy would reach any early decision about an association with the Western Union Powers; in any event, under present circumstances she would be likely to be more a liability than an asset. The United Kingdom Government was under considerable pressure from other foreign countries in regard to their attitude towards Spain. This question raised wide issues, but there appeared to be no grounds at present for departing from the policy accepted by the United Nations in 1946, to which the United Kingdom Government had loyally adhered.

Mr. Bevin, in conclusion, said that the policy of the United Kingdom Government was to promote the security and stability of Western Europe on the basis of the European Recovery Programme and the policy of Western Union, and thus to create a material force which could call a halt to further Communist infiltration and to the menace of totalitarian aggression. The United States Government was necessarily closely interested in this policy. Defence could no longer be considered in terms of the land only or of narrow geographical areas. For these reasons, there had been exchanges of views with both the United States and Canadian Governments with the object of devising a wider policy of Atlantic defence. The United States Government could not be expected, before the Presidential election, to go further than the Vandenberg Resolution. The United Kingdom Government had been much encouraged by the speech which Mr. St. Laurent had made, on the occasion of the signature of the Treaty of Brussels, in which he had welcomed the idea of regional defence under Article 51 of the United Nations Charter; and discussions on that basis were proceeding. Mr. Bevin had told the House of Commons that, if it proved impossible to achieve an adequate system of collective security through the United Nations, the United Kingdom Government could not permit the creation of more limited arrangements for security to be held up at the will of one Power. In the view of the United Kingdom Government, it should be possible to establish in Western Europe a co-ordinated policy covering foreign affairs, defence and security, developed in accordance with the conceptions inherent in Article 51 of the United Nations Charter and based on mutual confidence in the knowledge that armed conflict between members of the group was unthinkable. He was concerned to ensure that, if aggression came from without, the United Kingdom should not be left again to stand alone, with the help of the Commonwealth peoples, against attack. Co-operation over a wide field would be the best contribution to lasting peace. If a strong force could be successfully built up in this way, Communist expansion would be checked and there was hope of a lasting settlement.

Mr. St. LAURENT said that Mr. Bevin's statement had confirmed Canadian opinion on these difficult problems. Canada had recognised the expansionist tendencies of the Soviet Government, and the weakness of the continental Powers of Western Europe in resisting such aggression. The Slav peoples were realists, and it was improbable that they would contemplate policies which did not promise success. But the prospect, if they gained control of the resources of Western Europe, would be formidable indeed. In order to build up an organisation able to demonstrate that, though unaggressive, it held the preponderance of force, it might be necessary to contribute only a small fraction of what would inevitably have to be sacrificed if war came. If possible aggressors realised that they would have to meet the productive power of the Western Hemisphere, they would take account of it in reaching their decisions. Canada felt that the task now was to convince France and the other continental Powers of Western Europe that it would be worth while resisting aggression from the beginning. As soon as the

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C 224338

Brussels Treaty was announced, President Truman and Mr. Mackenzie King had made public statements welcoming it as the germ of a wider scheme of regional security to provide some of the advantages which had been hoped for from a fully effective United Nations. There had been other favourable pronouncements in the United States and Canada, and it seemed that public support was assured.

DR. EVATT said that, in the vast field covered by Mr. Bevin, it at once became clear that individual consideration of problems might lead to conclusions which, though just, had to be abandoned because of the overriding claims of expediency. In Greece, for example, constant interference from the North was considered intolerable by Australia. Yet the Greek Government's methods were exceedingly distasteful to anyone of sound democratic ideas. A just solution, while requiring firm support against external interference, would concentrate on improving internal conditions. The policy which had to be pursued was an example of the straits to which honest men, with the ideals of the United Nations at heart, could be driven by a series of Soviet-inspired emergencies. Australia, as a member of the United Nations Balkans Commission, had tried to keep in mind the real purposes of that body and its authority as an organ of the United Nations; and within limits the Commission had not been without effect. Its very presence served to deter aggression; and Australia was anxious that it should continue in being. Turkey's stand against the Soviet Union in difficult circumstances had earned commendation. It had, therefore, been disappointing that, at the United Nations, the Western Powers had supported Egypt in preference to Turkey as a candidate for membership of the Security Council. Within a day or two Egypt had shown her unfitness for this post by reopening hostilities against the Jewish State. But in the case of Egypt, also, too abstract a view could not be taken. The whole Middle East was of great strategic importance, and claims of expediency had to be balanced against those of justice. As for Spain, Australia, which had supported the 1946 Resolution, now thought it absurd to keep Spain outside the functional organs of the United Nations, such as those concerned with health, aviation, &c. Her exclusion hurt the other nations more than Spain. The present régime made Spain no more unfit for membership of such functional organs than their past records rendered Italy, Germany or Japan. Possibly they should be admitted before Spain, but in any case justice must give way to expediency. At the same time, the present Spanish régime, detested because of its past association with the dictators, was not such as to rouse much enthusiasm in the countries now struggling against communism.

At the heart of each of these problems was the relationship with Russia. Austria had become an incident of that relationship. Even the Soviet Government could not deny that, if the Austrian problem stood in isolation, a just peace treaty could soon be concluded. The same was true of Japan. The heads of a Treaty—shocking as some of them were—had all been agreed and, as the Canberra Conference had shown, a peace treaty could rapidly be made. This was not possible because relations between the Soviet Union and the United States were strained. So long as they continued strained, and so long as there was any possibility of war, the United States Government would be reluctant to conclude the treaty. Soviet expansion could not be permitted to continue. Events in Czechoslovakia showed how France might be overwhelmed without any overt violence. The Soviet Government must learn that aggression of this nature must end. There were three main stages by which the present position had been reached. First, the right of veto in the Security Council which the Soviet Government had succeeded in securing at the San Francisco Conference. Secondly, the Paris Conference, at which the principle of Four-Power unanimity had been pressed to excessive lengths. Thirdly, the arrangements made for the peace settlement. The Australian Government had always thought it a mistake that a broader basis of consultation had not been provided for, with an opportunity to the Commonwealth countries to take part in the discussions. But the mistake had been made, and the United States Government had shared the responsibility with the Soviet Union for the arrangements ultimately adopted. In his view, the Conference of Foreign Ministers was no longer an effective body. Its action in referring the Berlin question to the Security Council was evidence of this. Even questions arising in connection with the peace settlements were being referred to the United Nations. It now seemed very likely that the peace settlement with Germany would prove to be beyond the resources of the Council of Foreign Ministers. President Roosevelt had often said he did not intend to repeat President Wilson's mistake in linking the peace treaties with the new world organisation. The world organsation was now in existence, but the peace

C 224339

treaties were not complete, and the United Nations was blamed because the Great Powers could not agree.

Regional defence systems as contemplated by Article 51 were to be encouraged. The purpose of the United Nations was to maintain peace, and that purpose would be fulfilled by such arrangements. The Soviet Union had achieved very great advantages by the post-war settlement. It had secured the veto in the Security Council. It had secured enormous territorial gains. For long its expansionist activities had gone unchecked. But Mr. Marshall's appointment as Secretary of State had produced a new and firmer United States attitude, and a halt had been finally called at Berlin. If the Western Allies had not stood firm in Berlin, the consequences would have been disastrous. The maintenance of the air lift into Berlin had been a magnificent feat. Australian airmen were participating in it, and this in itself indicated what would be Australia's attitude if the crisis should further deteriorate. His impression was, however, that the Soviet Government was anxious to retreat, if a way could be found which would not involve loss of prestige. For this reason, he did not believe that the Soviet authorities would agree to lift the blockade on traffic into Berlin in advance of the resumption of talks. In some respects the present position of Soviet Russia was comparable to that of Germany before 1939; she was afraid, and fear bred suspicion. Under such conditions, the right course was to be firm and frank; and for this reason he thought that Mr. Bevin's recent speech in the United Nations General Assembly had been a remarkable achievement. It had made a great impression on the Soviet Government. There were, therefore, grounds for hoping for some change in Soviet policy; but this would not come unless they had confidence that any arrangements entered into with the Western Powers would be adhered to. He had much sympathy with the anxiety of French opinion about the dangers of a renewal of German aggression; but it was idle to suppose that any permanent settlement could be based on the partition of Germany. Any attempt by the Allied Powers to divide Germany permanently would provide the most effective material for a revival of German nationalism. In his view, the establishment of a central power between Soviet Russia and the United States was an issue of cardinal importance, provided that it was based on the principles of the United Nations; and he was grateful to Mr. Bevin for all his efforts to secure this objective.

MR. FRASER said that he was most grateful for the full statement which had been made by Mr. Bevin. He had been much relieved to learn that the air lift into Berlin could be maintained for as long as could be foreseen. The stand taken by the United Kingdom Government on the Berlin question had his full support; indeed, retreat would have involved the surrender of the very fortress of democracy. The New Zealand Government strongly supported the policy of Western Union; and the consequences in the defence field which flowed from this would be discussed on the following day. In retrospect, it could be seen that the Soviet Government had won a victory of major importance when the principle of unanimity among the Great Powers was accepted at Yalta. Once this had been agreed, resistance on such issues as that of the right of veto in the Security Council was no longer possible. But what now mattered was the future; how was the United Nations to be freed from this right of veto which effectively stultified its purpose? He had heard with great relief Mr. Bevin's view that there might now be some hope of a change in Soviet policy. Indeed, no historical parallel could be found for the situation which had developed since the war. Nor could any example be found of a country which attempted by all means within its power to impose its ideology on every other country, whether or not within its orbit of control or influence. Mention had been made of the situation in Greece and Spain. As regards the former, he could not help feeling that, if the situation had been handled more wisely, it might have been possible to establish in Greece a political régime less offensive to democratic opinion. As regards the latter, all Governments were in a dilemma. Nevertheless, in his view, the situation created by the United Nations Resolution of 1946 was highly illogical. Whatever personal feelings might be held about the Spanish régime, how could it be argued that it was appropriate for the United Nations to intervene in the internal affairs of Spain without taking similar action in regard to the totalitarian régimes in Poland, Czechoslovakia and elsewhere? The policy of Western Union brought comfort to the people of New Zealand at a time when they were appalled by the prospect of impending war; nobody in the world wanted war, but it would be inevitable if Soviet aggression continued. For this reason, agreement must

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C 224340

be sought by every means possible, but the Western democracies must negotiate from strength and not from weakness. The New Zealand Government would support any means of establishing peace. They saw no present prospect of achieving this through existing international machinery and, in these circumstances, they had reluctantly to turn to consider questions of defence.

The discussion was then adjourned until the afternoon meeting.

Cabinet Office, S.W. 1,
19*th October*, 1948.

C224341

SECRET

P.M.M. (48) 10th Meeting

MEETING OF PRIME MINISTERS

MINUTES of the Tenth Meeting held at 10 *Downing Street, S.W.* 1, *on Tuesday*, 19*th October*, 1948, *at* 3·15 *p.m.*

Present:

The Right Hon. C. R. ATTLEE, M.P., Prime Minister of the United Kingdom (*in the Chair*)

UNITED KINGDOM

The Right Hon. ERNEST BEVIN, M.P., Secretary of State for Foreign Affairs.

The Right Hon. Sir STAFFORD CRIPPS, K.C., M.P., Chancellor of the Exchequer.

The Right Hon. A. V. ALEXANDER, M.P., Minister of Defence.

The Right Hon. HUGH DALTON, M.P., Chancellor of the Duchy of Lancaster.

The Right Hon. A. CREECH JONES, M.P., Secretary of State for the Colonies.

The Right Hon. P. J. NOEL-BAKER, M.P., Secretary of State for Commonwealth Relations.

The Right Hon. J. H. WILSON, M.P., President of the Board of Trade.

The Right Hon. VISCOUNT HALL, First Lord of the Admiralty.

The Right Hon. E. SHINWELL, M.P., Secretary of State for War.

The Right Hon. ARTHUR HENDERSON, K.C., M.P., Secretary of State for Air.

Mr. P. C. GORDON-WALKER, M.P., Parliamentary Under-Secretary of State for Commonwealth Relations.

The Right Hon. MALCOLM MACDONALD, Commissioner-General for South-East Asia.

Marshal of the Royal Air Force LORD TEDDER, Chief of the Air Staff.

Admiral LORD FRASER OF NORTH CAPE, First Sea Lord and Chief of Naval Staff.

Lieut.-General G. W. R. TEMPLER, Vice-Chief of the Imperial General Staff.

Lieut.-General Sir LESLIE HOLLIS, R.M., Chief Staff Officer to the Minister of Defence.

Sir ERIC MACHTIG, Commonwealth Relations Office.

Mr. JOHN RUSSELL, Foreign Office.

CANADA

The Right Hon. L. S. ST. LAURENT, Minister of Justice.

Mr. NORMAN ROBERTSON, High Commissioner for Canada in London.

Mr. J. W. PICKERSGILL.

Mr. R. A. D. FORD.

AUSTRALIA

The Right Hon. H. V. EVATT, K.C., Deputy Prime Minister of Australia.

The Right Hon. J. A. BEASLEY, High Commissioner for Australia in London.

Mr. PATRICK SHAW.

Mr. J. OLDHAM.

NEW ZEALAND

The Right Hon. PETER FRASER, Prime Minister of New Zealand.

The Right Hon. W. J. JORDAN, High Commissioner for New Zealand in London.

Mr. A. MCINTOSH.

SOUTH AFRICA

The Hon. E. H. LOUW, Minister of Mines and Economic Affairs.

Mr. LEIF EGELAND, High Commissioner for South Africa in London.

Mr. W. C. NAUDÉ.

Major-General W. H. E. POOLE.

INDIA

PANDIT JAWAHARLAL NEHRU, Prime Minister of India.

Mr. V. K. KRISHNA MENON, High Commissioner for India in London.

Sir GIRJA BAJPAI.

PAKISTAN

Mr. LIAQAT ALI KHAN, Prime Minister of Pakistan.

Sir ZAFRULLAH KHAN, Minister for Foreign Affairs.

Mr. MOHAMMAD ALI.

Mr. G. AHMAD.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C 224342

CEYLON

The Hon. D. S. SENANAYAKE, Prime Minister of Ceylon.

Mr. K. VAITHIANATHAN.

Mr. N. W. ATUKORALA.

SOUTHERN RHODESIA

The Right Hon. Sir GODFREY HUGGINS, Prime Minister of Southern Rhodesia.

Mr. K. M. GOODENOUGH, High Commissioner for Southern Rhodesia in London.

Secretariat

Sir NORMAN BROOK.

Sir GILBERT LAITHWAITE.

CONTENTS

Minute	*Subject*	*Page*
1	Foreign Affairs	2
2	Future Business	8
3	Sixth Press Communiqué	8

---

1. Foreign Affairs

(Previous Reference: P.M.M (48) 9th Meeting, Minute 1)

MR. LOUW said that the people of South Africa had been greatly impressed by the frank and courageous attitude adopted by Mr. Bevin during the last three years. Although her primary concern was with the African continent, South Africa was watching very closely the dangerous situation in Europe. The fact must be faced that, despite the Charter and the aspirations of the founders of the United Nations, the world was now split into two *blocs*, and that Russia and her satellites were using the United Nations as nothing more than a propaganda platform. South Africa was, therefore, losing faith in the United Nations and was beginning to wonder whether it might even be better to set up an entirely new organisation without Russia and her satellites. Meanwhile, Russia was building up her fifth columns and the world was faced with an ideology backed by great power and having the force of a mission or religion. South Africa realised that the United Kingdom, with the backing of the United States, must take the lead in the fight in Europe against the Communist menace. South Africa was closely concerned and would follow the United Kingdom's lead, though not necessarily blindly. But, if South Africa was thus to give support, it was of great importance that she should have timely information of what was going on. The South African Government, Mr. Louw said, were satisfied with the present system of Commonwealth consultation, and he had noted Mr. Bevin's complaint that a little more initiative might be shown by Commonwealth Governments in making their views known to the United Kingdom Government.

South Africa would give her full moral support to Western Union and such material support as was consistent with her own interests and problems. She would favour gaining the support of all European nations outside the Russian orbit, and could see no valid reason for excluding Spain. It was, he suggested, for the Spaniards themselves to decide what form of Government they should have, so long as it was not a menace to the peace of other nations.

South Africa was interested in the military steps taken or proposed in connection with Western Union, but it was on the economic side that South Africa could offer the most valuable contribution. There were vast supplies of raw materials in Africa, and if South Africa, in co-operation with the United Kingdom and other Powers with African dependencies, could assist in developing the natural resources of the southern half of the continent, she would be providing a very powerful weapon in the fight against communism.

The South African Government were not at this stage prepared to undertake any form of military commitment: that would be a matter for further discussion. South Africa's geographical position was such that her main rôle would be to assist, in co-operation with the Rhodesias and the British African territories, in regional arrangements for the security of Southern Africa, the southern part of the Indian Ocean, and the trade routes and communications leading to the East and Australasia.

C 224343

To sum up, South Africa's first concern was with Africa itself, but outside Africa she attached particular importance to the countries of the Middle East, which should be assisted in every way to resist the advance of communism. The Union of South Africa was ready to help in this fight against communism in Africa; but, if she was to co-operate fully, she must take her place as an equal partner in any discussions dealing with the affairs of the African continent, whether they were discussions between Commonwealth countries only, or whether foreign countries also were involved. As an earnest of the South African Government's desire to co-operate, Mr. Louw quoted the assistance offered towards the Berlin air-lift. The use of South African aircraft had been offered; and, although these had not been required, the United Kingdom request for pilots had immediately been met. General Poole, who had commanded the South African Forces in North Africa and Italy, had come over specially from Berlin to act as his military adviser during the present meeting. He himself hoped to visit Berlin before returning to South Africa. He suggested that it was important not to lose sight of the internal situation in Germany. His own party in South Africa had never agreed with the policy of dismantling German industries, and he thought that this policy had now been proved mistaken. It was essential to improve economic conditions in Germany, to make a peace with Germany as soon as possible and to provide that, subject to the necessary safeguards, the Germans should once more have control over their own political and economic life.

PANDIT NEHRU said that he felt some difficulty in discussing these problems of the west; they must, of course, affect India, but India was geographically very far away, and he would leave the more immediate problems to those who were more competent to deal with them. In a wider context, however, he agreed that aggression must be stopped and that for this purpose firmness was required. Apart from Russia's active expansionism, what grieved many people in India was her apparent lack of any sense of ethics in international affairs and her disregard of her plighted word. There was, no doubt, a widespread desire for a long period of peace, but it seemed to him that there was a general failure to keep that object in full and steady view and a tendency to be concerned with more immediate and minor objectives and with preparations against a hypothetical war. He called for a wider perspective. More than once in the past we had gone on as we were doing now, apparently towards peace, but in reality towards war. It was not enough to say that we were being frustrated by outside forces; we must see that we did not allow such forces to frustrate us in the pursuit of our long-term objective.

There was also a tendency to think too much in terms of the intentions of Governments; but behind the Governments stood the vast masses of the peoples. In the fight against communism, it was the great masses of the peoples who would ultimately count. Therefore, whether the ultimate struggle took the shape of war or a battle of ideologies or both, it would in essence be a fight for the souls of men. We must realise this and penetrate into the minds of the great masses and win them over, otherwise we should lose the fight in the long run in spite of all our material equipment. We should base our actions on definite objectives and on moral principles, which in the long run were the surest foundation for policy. It was no use saying that because our opponents had strayed from the narrow path, we should do the same; that was a fatal course, which would bring us to ruin. Mr. Bevin had borne out Pandit Nehru's own view that there was no near prospect of war for some time. We were, therefore, in a position now to aim at a long-term objective and, if we were able to ensure peace for the next few years, he thought that it would last very much longer.

From Asia they were watching the expansionist tendencies of Russia. Whether the expansion was Communist or Slavist or merely Russian, they did not like such expansionism and would oppose it. On the other side, however, there were also expansionist tendencies on the part of the United States, largely in the economic field. The United States was a great country with a sense of mission, and it was trying to make other countries follow the way of life which it thought they should follow. This, again, India did not like. At the moment it seemed that Russia and the United States were fighting for the mastery of the world, but he did not think that either would succeed. He believed that democratic freedom would survive and grow despite these contending pressures. He thought that the British Commonwealth could make an important contribution to this end. There was grave danger that each of the main contending Powers, in order to gain strength, would ally itself with wrong elements. The example of Spain had already been mentioned. It would, he thought, be

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224344

deplorable if the democratic Powers sought the support of a country under such a reactionary totalitarian régime. Such action would assist the Soviet Union in its claim that it stood for enlightenment and progress. The Soviet Union had acquired the allegiance of its satellites, partly to spread Communist doctrine, but much more with the object of ensuring Soviet security in any future war by preparing new bases for use in defence or aggression. Was the United States pursuing a similar policy? She, too, was acquiring bases throughout the world and there were countries which he had heard called satellites of the United States, some of which might almost be said to be under the latter's political control, as others were certainly under her economic domination. How great, for instance, was the freedom of action enjoyed by Turkey? It was important that all countries should keep their hands clean in this matter.

The policy of Western Union was doubtless an inevitable development, but he was concerned about its relationship to the United Nations. Like many others, he was not proud of the past or present achievements of the United Nations, but he thought it was essential to preserve it as a focus for efforts to maintain the peace of the world. The unanimity rule had been abused, but it was difficult to proceed on the basis that all members of the United Nations were of equal importance. Nothing would be gained by breaking up the United Nations and losing the opportunity of resolving international difficulties. Regional arrangements were also desirable, but they must not conflict with the principle of the United Nations. It must be borne in mind that, if regional arrangements were started in Europe, they would spread to other parts of the world, *e.g.*, the Middle East. He himself had hitherto resisted proposals made to him by other Asiatic countries for the formation of an Asian Union, but pressure for this type of arrangement would doubtless grow as the regional idea was developed in Europe. Mr. Nehru paid tribute to the courageous action of the United Kingdom in relation to India and generally to its abandonment of colonialism and imperialism as a policy in that part of Asia. But colonialism still subsisted in other parts of Asia, *e.g.*, in French Indo-China and Indonesia. Governments in these territories were apt to turn to the Indian Government for advice. Only recently he had learned from the Indonesian Government that the Dutch were contemplating further military action.

Mr. Nehru agreed that it was right to resist aggression by a policy of firmness, but he could not approve any policy which was based on an armaments race and led on from the talk of war to war itself. He hoped that now that the danger of immediate war was, as he thought, averted, there would be an easing in the tension. If it was right that we should talk of ourselves as a democracy, it was right also that we should think of and provide for the democracy of others. By enlisting the support of other democracies it would be possible to combat the totalitarian enemy. It would not do to deny subject peoples their rights and their freedom on the ground that they were uncivilised. Duty lay in the direction of providing these peoples with both civilisation and freedom. Great stress should be laid on seeking a peaceful solution to the problems before the world through the agency of the United Nations.

MR. LIAQAT ALI KHAN agreed with Mr. Nehru in deploring the lack of a sense of morality in international relations. He agreed, too, that a determined stand should be made against expansionist policies. He was glad to know that the United Kingdom Government were not in favour of a policy of appeasement. He welcomed the strong stand taken by the United Kingdom Government and the other Western Powers, and he approved the policy of strengthening the countries of Western Europe.

Mr. Liaqat Ali Khan said that he had hoped that there might have emerged, from the discussions on Commonwealth consultation on the previous day, a stronger desire to bring the countries of the Commonwealth more closely together. If the Commonwealth were consolidated politically and economically, it could make a much greater contribution to world peace. He agreed that every effort should be made to strengthen the authority of the United Nations and that one of the best methods of promoting peace and security was to foster the formation of regional associations. He wished, however, again to stress that it was useless for the countries of Western Europe to unite and make themselves strong if the countries of the Middle East were not also similarly linked in a strong association. He hoped that the present meeting would seriously consider what steps should be taken to improve the economic position of these countries in the Middle East. Turkey and Greece, he knew, were already receiving help, but the Arab countries beyond Turkey were not receiving the same assistance. He

C 224345

also asked what concrete steps were being taken to help the Burmese Government in its struggle against communism; this was a matter in which Pakistan was vitally interested because Eastern Pakistan was Burma's neighbour. He asked that the Commonwealth should give a lead, as he believed it was in a position to do, by drawing up a plan for strengthening the countries of the Commonwealth, the Middle East and South-East Asia by methods similar to those which were being applied in Western Europe.

MR. SENANAYAKE thanked Mr. Bevin for the clear statement which he had made. Ceylon was gratified at the determined stand which the United Kingdom were making against aggression; but, though she was confident of the United Kingdom's ability to face the situation, she might perhaps be pardoned for doubting whether the means at present proposed would attain their end. Might not the stand made in Germany result in enforced withdrawal? There had been plans for the democratic development of other countries in Europe; but the Soviet Union had been able to enforce their abandonment. There was need for a protective belt between the Soviet Union and the West; but how strong would it be and would it succeed in resisting Russian encroachment? The Soviet Union, by means short of war, were constantly gaining ground. There was little profit in desiring peace and speaking of peace, only to withdraw in the face of every Russian advance designed to break the peace. The nations wanted peace but were preparing for war; and that involved a grave risk of war, later if not sooner. Could it be believed that peace would be enduring, or was it only a question of postponing the evil day and preparing for that day when it ultimately came? If it was intended to allow the Soviet to secure further gains, all talk of resistance was a waste of time. If the Soviet Government could not be trusted and was clearly working against peace, the sooner that fact was openly recognised the better, and the greater the chance of salvation when war came. It was possible that with the assistance of the United Kingdom the countries of Western Europe might be able to stand against the Soviet Union. It was also possible that the Soviet Government might be deterred from resort to hostilities in Germany itself; but the result might only be to transfer the Soviet Union's activities from Europe elsewhere.

At the end of the war there were five great Powers who, it was expected, would maintain peace between them. Of these, China no longer counted and France was weak. The United States were following one policy, the Soviet Government another, and the United Kingdom alone was trying to maintain peace. The best course seemed to be that all the Commonwealth nations in unity should try to prevent aggression in such fashion that a check in the west did not produce an outbreak in the east. That was surely better than simply hoping that the Soviet Government would recognise the failure of their attempts. The longer the Soviet Union was allowed to follow its own devices, the worse the situation would be. He might be pessimistic, but the position as he saw it to-day was that the nations wished to avoid war, were willing to prevent it, but in fact withdrew when the Soviet Union took a step forward.

MR. BEVIN, in reply to the discussion, said he was grateful for the views which had been expressed. It had been remiss of him, during the morning meeting, to forget to say how much he had appreciated the assistance which other Commonwealth Governments had given to the air-lift to Berlin.

He had no desire to break up the United Nations. The difficulties, particularly over the veto, were great; but he was not sorry that they had arisen early in the work of the organisation. They were now known and must be faced, and he was confident that ultimately the organisation could be made to work. Instead, however, of building up confidence by working outwards from the centre, it was now necessary to work inwards from the circumference. If regional associations could be organised with success, this would form a basis for confidence in the world organisation. It should then be possible to secure amendments to the Charter based on mutual recognition of the respective strengths of the contending parties. At the outset the United Kingdom Government had taken the lead in securing the establishment of the Military Committee and the Commission on Atomic Energy. Those attempts, working from the centre outwards, had failed. The Soviet Union had hitherto regarded the United Nations as a sort of Trojan horse by means of which they could smuggle in their propaganda to the embarrassment of the freedom-loving nations. This move was in process of being defeated at the present meeting in Paris. It was now the turn of the Soviet Government to be publicly arraigned, and doubtless they would soon learn that their misuse of the organisation would not pay. At the early

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

meetings the Soviet Union had been regarded as a new Power which, if handled with patience, would take its proper part in the comity of nations. But appetite had grown with what it fed on. With what had been said about the veto he agreed. The veto could not, however, be abolished: some matters must always be subject to the unanimity rule. In others, it would be foolish to use the veto. He had tried at New York to establish a "code of conduct." Until something like that was secured, trouble would continue. If, however, the veto were applied in a case where the great Powers were directly involved—hitherto it had been employed only in matters concerning the smaller Powers—that in itself would justify a great Power's referring a matter to the Security Council, whatever the outcome might be. Outside the political sphere good work was going on under the United Nations as it had under the League of Nations. All that was being done for education, health, treatment of children, establishment of human rights, was helping to form common opinion and produce uniform action.

Pandit Nehru had said there was now no immediate danger of war. This was probably true: but, if so, it was because Russia's aggression had been checked by a consolidation of power. Until the stand taken over Berlin, the Russians had assumed that the western Powers would take no effective action. The air-lift to Berlin, far cheaper than war, was an effective demonstration that the Russians would meet determined opposition if they went beyond a certain point. If, however, the western Powers weakened, the same tactics would be repeated elsewhere, and no country would be safe from attack. Only in association could the various countries threatened ensure their safety against Soviet aggression. The method was well known from events in Czechoslovakia. In each factory and on the railways a small proportion of the workers were armed and put under orders. At a given signal this striking force was assembled. The ordinary people, indifferent until too late, were powerless: the revolution was accomplished before they were aware that it had begun. This underground danger was a very real one, of which the United Kingdom had long and bitter experience.

As for the relationship between Western Union and the United Nations, there was no intention of allowing the former to encroach upon the latter. As with the Commonwealth itself, membership of both groups was not incompatible. The members of the Western Union would not even form a *bloc* within the United Nations. As with the Commonwealth, common problems led to an exchange of views within the framework of the United Nations and association brought reconciliation. "Western Union" was, indeed, a misnomer: it was rather an association of nations on the lines of the Commonwealth.

Reference had been made to United States policy. The fear of the United Kingdom Government had been, not of United States' expansionism, but of a reversion to an isolationist policy which would involve her withdrawal from Europe. Until now the United States had been unwilling to take her full share in international affairs: United Kingdom policy was to ensure that she continued to take that share. With her tremendous power and her democratic tradition, the United States was a great asset to the peace-loving nations of the world. Her constitutional checks meant that no President could lead her into war without the full consent of Congress and people. The need for Congressional consent to treaties ensured open diplomacy and enabled other nations to understand her intentions. A great evolutionary process was going on in the recognition by the American people of their responsibilities as a world Power. Association with the United States could be of marked benefit to like-minded nations: this was a Power with whom it was possible to co-operate and with whom differences could be discussed. It could make a great contribution to the world.

That was why the United Kingdom had exchanged views with the United States over Western Union. Once the Presidential election was over, there would be further exchanges to settle the relationship of an Atlantic Pact with the Brussels Treaty. The rebuilding of the economic and defensive power of Western Europe was as much a vital interest of the United States as it was of the United Kingdom. The object was so to rebuild Western Europe that it would be self-reliant by 1952. No candidate running in that year could hope for election as President if he had to say that Western Europe, having failed to evolve sufficiently meantime, required further assistance from the United States.

With regard to a regional arrangement in the East, he had already invited suggestions. He had himself no precise plan, but he was convinced that consultation and association in South-East Asia were vitally necessary. Pandit Nehru had rightly suggested the wisdom of considering how to associate Burma with such consultation. It was now difficult to see how Burma could be saved from communism. From their meagre resources in arms and equipment the United

Kingdom had given Burma all she asked for. What more could they do to defend the constitution and Government of Burma? Direct military intervention was no longer possible or wise. Subject to that, whatever help the United Kingdom could give would be given.

The Middle East was a source of anxiety. Mention has been made of Turkey. For two years after the end of the war Turkey had been under constant pressure and had had to keep 700,000 men constantly mobilised. The United Kingdom gave all the assistance within its power, but the financial strain proved too great. There was no question of imposing assistance on Turkey; that country was a suppliant for aid and was still constantly appealing to the United Kingdom for help in securing greater contributions from the United States.

With reference to the points made by Mr. Liaqat Ali Khan, the States in the Middle East had attained their independence after the first world war and were still too weak to stand alone. Their economies were not broadly enough based, and in particular those of Iraq and Persia depended too much on a single commodity, oil. But, as he had said, the United Kingdom were doing all they could to remedy that state of affairs. The Middle East should not be too narrowly defined: common problems existed right down to the Indian Ocean. Great as was the interest of the Western nations in supporting the Middle East, that support would be greatly enhanced if the nations east of Suez contributed their part. The Eastern nations of the Commonwealth might well consider this suggestion. Religious and psychological factors counted for much. The Middle East had great potentialities but needed help, and help from both sides.

The United Kingdom had gone into Greece with open eyes. Their desire had been to re-establish a free democracy there. All the steps to that end had been agreed on at the Lebanon Conference, the recommendations of which had been accepted by the Coalition Government, with the concurrence of Mr. Attlee, Mr. Morrison and himself; but at that time civil war was not expected. The proposal for a vote on the monarchy question had come from the Greeks themselves. It was also the Greeks themselves who had asked that the order originally proposed should be reversed, and that the question of the monarchy should be deferred until after an election had taken place. These plans were never given a chance in practice. The Soviet Government had said they would not intervene; but as the United Kingdom troops were withdrawn, so the civil war grew in intensity. The United Kingdom could not condone the instigation of civil war as an instrument of policy. The Greek Government had been chosen by free elections held under international supervision; and, if the results of such an election were not to be accepted, what alternative was there but force? The United Kingdom Government were not prepared to condone force. Once the civil war came to an end—and the Soviet Union could stop it at a moment's notice—it would be possible to hold another election and to restore the normal machinery of government in Greece.

On Germany, it had been suggested that the setting up of a Government in the Western Zones would lead to conflict. In order to avoid that, the Government to be set up was so framed as to be consistent with an eventual central Government of a unified Germany. Germany would become a unity sooner or later. The question was from which side the irredentist movement was to spring—from a Communist East or from a West which had been launched on sound and democratic lines. The overwhelming majority of the Germans were against communism. That was why Western Germany had been included in the European Recovery Programme and why Western Union provided for the adherence of an eventual German Government. He was glad to say that at last there were signs of a change of attitude on the part of the French. They were coming to realise that their age-old feud with Germany could be carried on only at the expense of their own recovery.

In regard to Spain, he was well aware of the difficulties and sympathised with Pandit Nehru's point of view. There were moral factors which could not be left out of account. It was difficult for the present Government of the United Kingdom to forget events in Spain. The present position derived from the Potsdam Agreement: he quoted the clause providing for the exclusion of Spain from the United Nations, on the ground of her support of the Axis and of the nature and record of her Government. Nevertheless, the United Kingdom had maintained diplomatic relations until 1946. It was only after the United Nations resolution of that year that the United Kingdom Ambassador had been withdrawn. Just when it seemed that changes in the right direction might be produced in Spain by constitutional means, the French had closed the frontier. The only, and inevitable, result was greatly to strengthen the position of General Franco.

It had been suggested that the Commonwealth should give a lead. The very fact that the present Meeting was being held would help to give a lead. The

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

nations now consulting were of diverse characters but united principles, and they were joined together by strong bonds. In Commonwealth matters the United Kingdom had a proud history. Reforms had sometimes come late, but they had come. Canada, South Africa, India all provided milestones in a tradition of wise action.

In conclusion, Mr. Bevin said that he was grateful for the contributions which had been made to the discussion, all of which would be studied with the greatest care. The main object of foreign policy must be to ensure that the spiritual, economic and defensive forces represented by the Commonwealth countries and other freedom-loving nations should be brought into voluntary cohesion so as to maintain the peace of the world.

MR. FRASER asked whether, before the Meeting broke up, Mr. Bevin would make a statement on the latest moves of the Soviet Government in regard to disarmament. MR. BEVIN said he hoped to be able to do so in the course of the discussion on the following day.

2. Future Business

MR. ATTLEE said it was proposed that at 11 a.m. on Wednesday, 20th October, the Meeting should consider defence questions, and that the discussion should, if necessary continue in the afternoon. In the afternoon, the Meeting might also discuss the Reports of the Committees appointed to study the status of High Commissioners and the question of Commonwealth Consultation.

3. Sixth Press Communiqué

The Meeting approved the substance of the Press communiqué describing the day's discussion.

Cabinet Office, S.W. 1,
19*th October*, 1948.

SECRET

P.M.M. (48) 11th Meeting

MEETING OF PRIME MINISTERS

MINUTES of the Eleventh Meeting held at 10 *Downing Street, S.W.* 1, *on Wednesday,* 20*th October*, 1948, *at* 11 *a.m.*

Present:

The Right Hon. C. R. ATTLEE, M.P., Prime Minister of the United Kingdom (*in the Chair*)

UNITED KINGDOM

The Right Hon. HERBERT MORRISON, M.P., Lord President of the Council.

The Right Hon. ERNEST BEVIN, M.P., Secretary of State for Foreign Affairs.

The Right Hon. Sir STAFFORD CRIPPS, K.C., M.P., Chancellor of the Exchequer.

The Right Hon. A. V. ALEXANDER, M.P., Minister of Defence.

The Right Hon. HUGH DALTON, M.P., Chancellor of the Duchy of Lancaster.

The Right Hon. A. CREECH JONES, M.P., Secretary of State for the Colonies.

The Right Hon. P. J. NOEL-BAKER, M.P., Secretary of State for Commonwealth Relations.

The Right Hon. VISCOUNT HALL, First Lord of the Admiralty.

The Right Hon. E. SHINWELL, M.P., Secretary of State for War.

The Right Hon. ARTHUR HENDERSON, K.C., M.P., Secretary of State for Air.

Mr. P. C. GORDON-WALKER, M.P., Parliamentary Under-Secretary of State for Commonwealth Relations.

Marshal of the Royal Air Force LORD TEDDER, Chief of the Air Staff.

Field-Marshal VISCOUNT MONTGOMERY OF ALAMEIN, Chief of the Imperial General Staff.

Admiral LORD FRASER OF NORTH CAPE, First Sea Lord and Chief of Naval Staff.

Lieut.-General Sir LESLIE HOLLIS, R.M., Chief Staff Officer to the Minister of Defence.

Sir ERIC MACHTIG, Commonwealth Relations Office.

CANADA

The Right Hon. L. S. ST. LAURENT, Minister of Justice.

Mr. NORMAN ROBERTSON, High Commissioner for Canada in London.

Mr. J. W. PICKERSGILL.

Brigadier S. F. CLARK.

AUSTRALIA

The Right Hon. H. V. EVATT, K.C., Deputy Prime Minister of Australia.

The Right Hon. J. A. BEASLEY, High Commissioner for Australia in London.

Major-General A. J. BOASE.

NEW ZEALAND

The Right Hon. PETER FRASER, Prime Minister of New Zealand.

The Right Hon. W. J. JORDAN, High Commissioner for New Zealand in London.

Mr. A. MCINTOSH.

Brigadier G. B. PARKINSON.

SOUTH AFRICA

The Hon. E. H. LOUW, Minister of Mines and Economic Affairs.

Mr. LEIF EGELAND, High Commissioner for South Africa in London.

Mr. W. C. NAUDE.

Major-General W. H. E. POOLE.

INDIA

PANDIT JAWAHARLAL NEHRU, Prime Minister of India.

Mr. C. K. KRISHNA MENON, High Commissioner for India in London.

Sir GIRJA BAJPAI.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224350

Pakistan	Ceylon
Mr. Liaqat Ali Khan, Prime Minister of Pakistan.	The Hon. D. S. Senanayake, Prime Minister of Ceylon.
Sir Zafrullah Khan, Minister for Foreign Affairs.	Mr. R. G. Senanayake.
Mr. Mohammad Ali.	Mr. K. Vaithianathan.
Mr. Quarishi.	Mr. N. W. Atukorala.
Major-General Cawthorn.	

Southern Rhodesia

The Right Hon. Sir Godfrey Huggins, Prime Minister of Southern Rhodesia.

Mr. K. M. Goodenough, High Commissioner for Southern Rhodesia in London.

Secretariat

Sir Norman Brook.

Sir Gilbert Laithwaite.

Contents

Defence.

Defence

The Meeting had a discussion on the world situation and its defence aspects, on the basis of a memorandum by the United Kingdom Government (P.M.M. (48) 1).

Cabinet Office, S.W. 1,
20th October, 1948.

C 224351

TOP SECRET

CONFIDENTIAL ANNEX

Mr. ATTLEE said that the discussions on foreign affairs had been an essential preliminary to the consideration of defence problems. At the outset of the Meeting, the United Kingdom Government had circulated a paper (P.M.M. (48) 1) in order that all members of the Commonwealth might be informed of their views on the defence aspects of the world situation. They recognised that the facts set out must be seen in a different light and approached from a different angle by each of the Commonwealth countries. Principles of policy might be generally agreed, but their practical application must vary with the special interests, status and geographical position of each country. The Meeting should by this time be well informed as to United Kingdom views. The United Kingdom Government in its turn was now seeking the views of the Commonwealth countries, so that, if possible, a common view might be established.

P.M.M.(48) 1 took as its starting point the Charter of the United Nations, which had, as the first of its purposes, the maintenance of international peace and security. In the course of their discussions, Ministers had displayed their overriding concern with the maintenance of peace. The task was now to consider how this could be achieved. In the past, the peace of a large part of the world had rested mainly on the British fleet. This was widely accepted because of the general recognition that the interests of the British Commonwealth were fundamentally pacific. Some countries were only now beginning to realise what that situation meant; for instance, the United States had for long failed to recognise the extent to which their security had rested on the maintenance of a strong British fleet. But in recent years there had been great changes, due to the development of new weapons, and to the growth of air power, and the effect upon the United Kingdom had been profound. Formerly, it had been a secure island base; now these Islands were probably the most exposed portion of the whole Commonwealth. A large population and great industrial resources were concentrated in a small area highly vulnerable to air attack.

For these reasons, the United Kingdom Government had in recent years sought security through the establishment of a system of collective defence. Every effort had been made to achieve this first through the League of Nations, and subsequently through the United Nations; but these efforts had not been successful. Similarly, between the wars, continuous efforts were made to secure a reduction of armaments; and similar discussions were in progress at the present time. But experience showed that such reductions, whether qualitative or quantitative, could not be achieved in an atmosphere of insecurity. If, then, security could not be achieved under present circumstances, on a comprehensive basis through the United Nations, it must be sought through regional arrangements; and this consideration lay behind the efforts which were being made by the United Kingdom Government to make effective regional arrangements covering Western Europe and the Atlantic. But Western Europe was not the only point of danger; each member of the Commonwealth must wish to consider when and how danger might threaten it. The most striking and tragic conclusion which

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

had emerged from the discussions on foreign affairs was that there was one Power which was not interested in reaching a settlement of international differences by peaceful means. The Soviet Union had a vested interest in chaos.

There were two distinct dangers which must be taken into account: first, direct war-like attack, against which it was necessary to maintain strong defensive forces; secondly, that, owing to the economic weight of those defensive forces, living standards would be so lowered as to open the way for Communist infiltration. It was, therefore, important to remember that the best foundation of an effective defence policy was a sound industrial economy. Action must therefore be twofold: negatively, defensive forces must be built up; positively, the peace-loving Powers must offer a better way of life than the aggressor. Pandit Nehru had rightly spoken of the danger that a moral position might be forfeited in grasping what seemed to be a material advantage.

P.M.M. (48) 1 set out what the United Kingdom Government had done in the light of these considerations. It explained the steps taken to secure the recovery of the United Kingdom's own economy: the United Kingdom Government's participation, with the United States and with the Western European countries in the European Recovery Programme; and the first stages in the establishment of Western Union. The aim had been to restore the war-shattered economy of Europe, and to provide the basis of security against aggression. The United Kingdom Government was anxious to extend this system of co-operation in defence consultation to the Commonwealth generally. No doubt, defence co-operation must in the first instance be on a regional basis. Commonwealth countries had their special interests in their own areas, and it was logical that they should be primarily concerned with those interests. But the way in which the interests of the different areas interacted had been brought out in earlier discussions, and there was need to ensure co-ordination between the defence policies of the different regions. That did not mean subordination, but a free partnership for mutual help.

Mr. ALEXANDER said that the United Kingdom war effort could be measured by the fact that, at the end of the war, there had been over 5 million men and women in the Armed Forces. The first post-war task was their orderly demobilisation; the economic situation demanded that they should be freed urgently for productive employment. The scheme of release by age and service groups was put into force, and worked smoothly. The mistakes of the years 1918–21 were avoided, and in particular the amount of unemployment during the transitional period was very small. In 1946 the United Kingdom spent £1,100 millions on defence; the Service estimates for 1947–48 amounted only to £653 millions. But this meant that the Forces would have to be run down to 715,000 by the end of March 1949. Against this, it might be noted that the Soviet Defence budget for 1948 had made provision for 66 billion roubles, which was only 6 billion roubles below the expenditure in 1946. That contrast exposed the fantastic nature of the Soviet suggestion that an equitable reduction in armaments might be achieved by an all-round cut of one-third. The rapid run-down of the Armed Forces in the United Kingdom had created serious difficulties because of the wholesale exodus of skilled and experienced men. The consequent unbalance of the Forces had created a grave problem for United Kingdom Service Ministers.

In 1947 two events had affected demobilisation. The financial crisis had made it necessary to exercise the most drastic economy on defence expenditure, and thus to reduce the Forces to the absolute minimum. At the same time, the international situation made it increasingly difficult to liquidate overseas commitments. It became clear that for some time large occupation forces must be maintained in Germany, Austria, Trieste and Greece. There was also the additional strain on the Forces caused by events in Palestine; great gratitude was due to the Australian and New Zealand Governments for making it possible to withdraw substantial numbers of United Kingdom troops from Japan.

The United Kingdom Government were thus faced with a paradoxical situation. On the one hand, they were continuing to uncoil the spring of their strength in order to assist economic recovery. On the other hand, there was the need to provide forces capable of backing diplomatic policy and of providing a measure of security in the event of war. Because of the economic straits of the United Kingdom and of the occupational burdens arising from the war, and because the first objective necessarily had to be economic reconstruction, it was not possible for her to re-form, re-equip and maintain forces to guarantee her own safety and that of

others at the present time. It was necessary carefully to weigh the priorities under which resources should be allocated to defence. High priority had to be given to research and development, because the United Kingdom's disadvantage in man-power increased the need to maintain a technical ascendancy; to maintaining deterrent weapons in readiness and efficiency; to safeguarding the security of sea communications and overseas garrisons; and to the training of National Service men with a view to establishing a substantial trained reserve capable of rapid mobilisation.

In recent months, the state of international affairs had become serious enough to warrant a survey of the policy governing the size and shape of the Forces. It was decided that it was still necessary to concentrate on the economic recovery of the country, but that a beginning should so far as possible be made with remedying the deficiencies in the Armed Forces and their supplies. The following decisions had been taken as a result of this survey:—

(*a*) To suspend releases from the Armed Forces for a period of three months at least.
(*b*) To review the National Service Act.
(*c*) To review the pay and conditions of the members of the Armed Forces.
(*d*) To institute a drive for recruits for the Regular, Territorial and Auxiliary Services.
(*e*) To start again the production of small and heavy army ammunition, to repair and overhaul reserve equipment, to provide additional constructional materials for accommodation and for the preparation of airfields, and to accelerate the production of fighter aircraft and the refitting and overhaul of naval vessels.

The United Kingdom Government's wide commitments overseas had created a difficult man-power problem. The forces in Germany, Austria, Trieste, Greece, Tripoli, Cyrenaica, Egypt, Transjordan, Iraq, Singapore and, until recently, in Palestine and Japan, had imposed a very serious strain on United Kingdom resources, and the rapid running down of service manpower had materially affected the administrative efficiency of the three Services. The United Kingdom Government had no wish to shirk the tasks before it, because they believed that the only way to peace was to undertake them. They proposed therefore to carry them out to the best of their ability within the limits set by their economic resources. Mr. Alexander was glad to note that all Commonwealth countries had welcomed the stand taken by the United Kingdom against Soviet aggression and had approved the policy followed in regard to Berlin. This had only been made possible by means of the air-lift. This had been a most formidable undertaking, and its difficulties would increase during the winter months. It had been estimated that Berlin could be sustained on a daily air-lift of 5,500 metric tons. If this were in fact sufficient for the purpose, it should be possible to maintain it. But the strain on the staff and aircraft engaged was very great. He therefore welcomed the offers of help which had been forthcoming from Commonwealth countries.

The United Kingdom Government had entered upon the policy of Western Union with a determination to build up Western Europe. The Military Committee had two purposes: short-term—to create the confidence necessary to make economic recovery a reality; long-term—to provide the solidarity and security necessary to show that aggression would not pay. All the Governments concerned participated on a basis of equality of status, and of a common pooling of resources. On this understanding the United States and Canada co-operated in the work of the Committee. The results already achieved had increased confidence in Western Europe. Further bodies had also been set up: the Chiefs of Staff Committee: the Commanders-in-Chief Committee, of which Field-Marshal Viscount Montgomery had recently been appointed Chairman; and the Supply and Resources Board. The United Kingdom Government hoped that these efforts towards co-operation in the defence field in relation to Western Europe could now be matched by a determined attempt to improve the system of consultation between Commonwealth Governments. This did not, of course, mean that valuable co-operation in various aspects of defence had not already been achieved. In certain directions, substantial progress had been made. First, the Commonwealth Advisory Committee on Defence Sciences performed a valuable function in exchanging information on scientific data. Secondly, the Joint Intelligence Bureau collected statistics essential for defence purposes. It was satisfactory to note that the Governments of Canada, Australia and New Zealand had set up similar Bureaux. The Joint Intelligence Bureau in London had been instructed to render freely to other Commonwealth countries all the

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224354

help and assistance which they might ask of it. He hoped that those Commonwealth countries which had not yet set up such a Bureau would consider it worth while to enquire into the possibilities of this aspect of co-operation. Thirdly, there were the Service Liaison Officers. The United Kingdom Government had now appointed Service Liaison Officers in four Commonwealth countries and they were performing valuable services.

At the moment there was a tendency for the United Kingdom to disseminate a great volume of information to other Commonwealth countries and to receive little information in return. This was understandable and natural, but the United Kingdom Government hoped that the reciprocal flow of information inwards to the United Kingdom would increase in due course.

In conclusion, Mr. Alexander said that, if the spirit of co-operation were lacking, it would make no difference what machinery for consultation were devised. The first essential was to secure general agreement on the principles and objects of defence policy, and then to give freedom to staffs to consult and to discuss, within the scope of the principles agreed, the plans which Commonwealth Governments might consider appropriate to the safety of their peoples. He hoped that other Commonwealth Prime Ministers would express their views on the methods of defence consultation, especially on the suggestions contained in paragraphs 14 and 15 of P.M.M. (48) 1.

LORD TEDDER, on behalf of the United Kingdom Chiefs of Staff, said that though the world to-day was not formally at war, it could not be said to be enjoying a real peace. In countless parts of the world the hand of the Soviet Union could be seen—in Czechoslovakia, Greece, Burma and Indonesia, in the infiltration of Nazis into Eastern Germany, and in the Communist-provoked strikes in France. Under such conditions, the risk of open conflict could not be ignored. The democratic countries everywhere should face the fact that a ruthless and unprincipled "cold" war was being directed from Moscow and was probing the weak spots of each country. Its main object was to sap the power of Governments in democratic countries and to create the conditions of economic chaos in which Communism flourished. The "cold" war was world-wide; it compelled the United Kingdom to disperse its resources and it laid an increasing strain on the national economy. Its effect therefore was to weaken the capacity to resist in the event of open aggression. The war against Germany had left many military commitments which were in themselves sufficient to hamper economic recovery; but the "cold" war had imposed heavy additional burdens of which the most recent were the Berlin air-lift and the operations in Malaya. In the light of these considerations, the United Kingdom Chiefs of Staff view was that the "cold" war was a very real insidious war which might, unless it was effectively countered, prove more dangerous than open war.

There appeared to be general agreement that an essential part of any effective reply to Soviet aggression was the building up of the political, economic and military strength of the democratic countries. Commonwealth Governments should be aware that the Soviet Union was maintaining very large land forces and was making strenuous efforts to modernise her Air Forces. Further, she was making full use of German scientists on the production of submarines. But so far as information was available—and it was admittedly not complete—there was no direct evidence of preparations specifically attributable to an intention to make actual war in the immediate future. It was in any event arguable that the Soviet Union was not in an economic position to contemplate war; and that she would be unwilling to do so until she possessed atomic weapons, which did not appear to be the case at present. The United Kingdom Chiefs of Staff view was that, for the present, the Soviet Union would not incur serious risk of war and that, faced with such a risk, she would decide to withdraw.

It was clearly impossible, on economic grounds, for the United Kingdom to attempt to maintain in peacetime forces comparable to those maintained by the Soviet Union. This meant that the latter's aggressive tactics could be countered only by the maintenance of available forces in the highest state of technical efficiency and readiness.

As regards the nature of modern war, the United Kingdom Chiefs of Staff did not regard so-called "push-button" warfare as a practical possibility in the immediate future. Any war within the next six or seven years would be fought with equipment which was already on the drawing boards; but that included the atomic bomb and possibly some form of bacterial weapon. The last war showed the danger of sudden attack; this danger had been immeasurably increased by the advent of the atomic weapon. The power of the offensive

C224355

had increased enormously, and it was difficult at present to see how it could be overtaken by the development of defensive power. The conclusion, therefore, became inevitable that, in order to provide a deterrent to war, the Armed Forces of the democratic countries must be maintained in a state to enable them to strike hard and rapidly. If war came, the United Kingdom would have to rely on immediate help from the United States. Neither the United Kingdom nor the other Western European Powers could themselves maintain in peacetime forces adequate to cope with the power of the Soviet Union. It was no longer possible for the United Kingdom to expect, during a war, to have time to build up its forces behind the barrier of sea power. The blitzkrieg with atomic weapons was a far more real and dangerous threat in the future than any form of attack during the recent war.

Lord Tedder then discussed the broad outlines of strategy in a possible war. The conclusion had been reached that the fundamental basis for United Kingdom strategy must rest on the defence of the United Kingdom; on the maintenance of sea communications between the United Kingdom and the Commonwealth and the United States; and on the defence of the Middle East. The strategy of a world-wide war would have many facets. Each country would have problems of its own; groups of countries in various regions would have their different regional problems. The United Kingdom Chiefs of Staff thought that these regional problems might be discussed and worked out amongst those immediately concerned so that they might be fitted into the world-wide problems with which all Commonwealth countries were concerned. In Western Europe some progress had been made in this direction; the United Kingdom Chiefs of Staff would like to feel that similar progress was being made in other fields, especially as regards the defence of the Middle East, in which so many members of the Commonwealth were more or less directly concerned. If, without setting up any complicated organisation, Ministers could give authority for their military advisers to consult on this specific problem and to draft concerted plans, without committing their Governments, an advance would have been made towards filling a very dangerous gap in the armour against aggression.

MR. ST. LAURENT said that he had been impressed by the indications given by Lord Tedder of the dangers of the situation. Canada realised that she would not be faced with a war against a single opponent of comparable size, and that she must fit her resources into the general plan for resisting aggression. Hence, she had welcomed the establishment of the United Nations as a means for ensuring, by collective action, the peace of all countries. When it became clear that, under present conditions, this hope could not be realised, the Canadian Government had concentrated their attention on devising arrangements for regional defence and, with the knowledge of the United Kingdom Government, had developed further the system of co-operation with the United States Government which had worked so successfully in the recent war. Substantial progress had already been made along these lines. Until there was some prospect of the fulfilment of the intentions of the United Nations Charter, the right course clearly was for like-minded Governments to co-operate in building up security on a regional basis in accordance with the provisions of Article 51 of the Charter; and it was on this basis that Canada was participating in the military discussions under the Treaty of Brussels and was entering into political discussions regarding the establishment of an Atlantic scheme of defence. The Canadian Government were, therefore, in agreement with the proposals contained in the Chief of Staff memorandum annexed to P.M.M. (48) 1 regarding the need for preparations of defence plans on a regional basis; the Canadian Government accepted this as the basis of their policy, and were in fact already giving effect to it. In other regions of Commonwealth defence, the Canadian interest was less direct; moreover, her resources were likely to be fully committed by her own regional plans. Agreement on defence policy and general strategy by all the Commonwealth Governments was not in his view a prerequisite for regional planning. It could not be suggested that the consultations on regional planning in which the Canadian Government was already engaged should be interrupted for a general study of Commonwealth defence problems. Any plans for North American defence could easily be fitted into any arrangements that might be made with regard to the North Atlantic area as a whole; and Canada's part in these plans would be her contributions to general defence based on her available resources which would be fully deployed for the purpose. Nevertheless, he did not wish to deny the value of a continual exchange of views and information on defence matters between Commonwealth countries. Up to

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224356

now the United Kingdom had been the focal point for such information, and he hoped that this would continue; but he felt that this exchange of views could best be carried on by the existing Military Liaison Staffs, and the Canadian Government could not see the need for any substantial modification of the existing arrangements. It should be possible, through existing machinery, to secure the adequate co-ordination of regional arrangements.

DR. EVATT said that his Government were in general agreement with the views and proposals contained in P.M.M. (48) 1, though this did not imply acceptance in detail. He thought that this paper contained three basic assumptions: that the Soviet Union was unlikely to provoke a major war in the immediate future; that the Soviet Government hoped to obtain their objectives by methods such as political pressure and infiltration which fell short of active aggression; and that the democratic Powers must maintain a firm and united front against further Soviet pressure, and prepare themselves against the eventuality of unforeseen war. Whatever estimate might be made of Soviet intentions, prudence demanded that the Western Powers should take into account the possible risk that a minor incident might result in war, and experience had shown the risks attendant on failure to maintain Commonwealth defences in an adequate state of preparation. For these reasons, the Australian Government were in general agreement with the views of the Chiefs of Staff, as set out in the Appendix to P.M.M. (48) 1. The Australian Government had, indeed, already adopted a five-year defence plan, which would involve a total expenditure of £250 millions; and a large part of this expenditure would be devoted to the technical and research side of defence. When Commonwealth Prime Ministers last met in 1946, there had been agreement on the need for the development of close consultation in defence matters; but only the Australian and New Zealand Governments had attempted to give concrete effect to the recommendations then made. In their view, it was not sufficient for Commonwealth Governments to consider defence problems on a regional basis; for instance, in the last war, Australian and New Zealand troops had early been employed in defence of the Middle East. If war came, it would not be a regional war; and consultation on defence matters should take place on the Commonwealth as well as a regional basis.

The second major consideration which Commonwealth Governments ought to keep in mind was the close interconnection of political and defence policy. It was an axiom that international collective security could only be established in an atmosphere of international confidence, though it might be true that, once such confidence had been secured, little attention would be given to building up arrangements for security. There was no doubt that even a limited agreement on the restriction of armaments would contribute significantly towards the growth of international confidence. The Charter admittedly contemplated the establishment of regional defence arrangements, but it ought to be remembered that, in so far as this involved the division of the world into two groups, the ultimate aim of world-wide collective security might not be furthered. He did not dissent from the view that in military planning the assumption must be that the enemy would be Soviet Russia. The assumptions on which military planning took place necessarily governed also the political decisions on such matters as policy in relation to Spain, but there was a risk that excessive concentration on the purely military aspects of any problem might obscure the equally important political issues involved. Political action based on considerations of justice might at times have to outweigh immediate military advantage; but there was a real sense in which action arising from moral considerations might bring substantial material advantage. In general, the basis of Commonwealth policy should be adherence to the principles of the United Nations and a determination to ensure the success of the Organisation. Reference had been made to the weaknesses which it had so far displayed; these had been accentuated by Soviet policy, but had not been unexpected. All were agreed that, in the economic and social fields, it had done work of the greatest importance; and in the political field its achievements had been substantially greater than many of its critics were willing to admit. For instance, the recent discussions in Paris had undoubtedly had a sobering effect on the Soviet authorities. Dr. Evatt did not think that there was any hope of a comprehensive agreement with the Soviet Government covering the whole field of the questions at issue, but he was not unhopeful that agreement could be reached step by step. It must, however, be made clear to the Soviet Government that an essential condition of a general settlement was that they must cease to intervene in the affairs of other countries through the means of Communist agents and parties.

C224357

MR. FRASER said that he was much impressed by Lord Tedder's remarks. He did not deny the importance of supporting the United Nations; but in his view a meeting of Commonwealth Prime Ministers had equal importance. If Commonwealth Governments agreed on unity and on the need for pooling their resources in time of trouble, a major contribution towards world peace would have been achieved. Was it not possible for the Commonwealth and the United States together to declare their intention of defending world peace against any aggressor? He agreed with Dr. Evatt that each Commonwealth Government was necessarily closely interested in the regional arrangements covering its own area; the New Zealand Government was immediately concerned with the problems of the Pacific. But it was obvious that the events which affect the major issues of war or peace did not take place in the Pacific. In his view the right course was for all Commonwealth Governments to pool their knowledge and plans in the defence field. Even if the Meeting could not commit Governments, yet much could be achieved by securing identity of outlook between the Commonwealth representatives present. In 1946 the Prime Ministers Meeting had agreed on the need for establishing Military Liaison Staffs; but conditions had not been created in which this arrangement could work effectively. The New Zealand Government were anxious for the fullest information about the international situation and to learn what, in the view of the United Kingdom Government, was the best contribution which New Zealand might make in time of war and what form this should take. His Government wished for this information because both they and the people of New Zealand were fully alive to the necessity for an effective defence policy. In modern conditions of war, no country could hope to stand apart in isolation. The universal sense of danger underlined the need for co-operation; and he hoped that all Commonwealth Governments would recognise the need for mutual co-operation and consultation in the defence field.

The discussion was then adjourned until the afternoon meeting.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C 224358

SECRET

P.M.M. (48) 12th Meeting

MEETING OF PRIME MINISTERS

MINUTES of the Twelfth Meeting held at 10 *Downing Street, S.W.* 1, *on Wednesday,* 20*th October,* 1948, *at* 3 *p.m.*

Present :

The Right Hon. C. R. ATTLEE, M.P., Prime Minister of the United Kingdom (*in the Chair*)

UNITED KINGDOM

The Right Hon. ERNEST BEVIN, M.P., Secretary of State for Foreign Affairs.

The Right Hon. Sir STAFFORD CRIPPS, K.C., M.P., Chancellor of the Exchequer.

The Right Hon. A. V. ALEXANDER, M.P., Minister of Defence.

The Right Hon. HUGH DALTON, M.P., Chancellor of the Duchy of Lancaster.

The Right Hon. VISCOUNT ADDISON, Lord Privy Seal.

The Right Hon. P. J. NOEL-BAKER, M.P., Secretary of State for Commonwealth Relations.

The Right Hon. J. H. WILSON, M.P., President of the Board of Trade.

The Right Hon. VISCOUNT HALL, First Lord of the Admiralty (*Item* 1).

The Right Hon. E. SHINWELL, M.P., Secretary of State for War (*Item* 1).

The Right Hon. ARTHUR HENDERSON, K.C., M.P., Secretary of State for Air (*Item* 1).

Mr. P. C. GORDON-WALKER, M.P., Parliamentary Under-Secretary of State for Commonwealth Relations.

Marshal of the Royal Air Force LORD TEDDER, Chief of the Air Staff.

Field-Marshal VISCOUNT MONTGOMERY OF ALAMEIN, Chief of the Imperial General Staff.

Admiral LORD FRASER OF NORTH CAPE, First Sea Lord and Chief of Naval Staff.

Lieut.-General Sir LESLIE HOLLIS, R.M., Chief Staff Officer to the Minister of Defence.

Sir ERIC MACHTIG, Commonwealth Relations Office.

Sir NOEL CHARLES, Foreign Office.

Mr. S. L. HOLMES, Board of Trade.

36043—1

CANADA

The Right Hon. L. S. ST. LAURENT, Minister of Justice.

Mr. NORMAN ROBERTSON, High Commissioner for Canada in London.

Mr. J. W. PICKERSGILL.

Brigadier S. F. CLARK.

AUSTRALIA

The Right Hon. H. V. EVATT, K.C., Deputy Prime Minister of Australia.

The Right Hon. J. A. BEASLEY, High Commissioner for Australia in London.

Major-General A. J. BOASE.

Mr. PATRICK SHAW.

Dr. H. C. COOMBS.

NEW ZEALAND

The Right Hon. PETER FRASER, Prime Minister of New Zealand.

The Right Hon. W. J. JORDAN, High Commissioner for New Zealand in London.

Mr. A. McINTOSH.

Brigadier G. B. PARKINSON.

SOUTH AFRICA

The Hon. E. H. Louw, Minister of Mines and Economic Affairs.

Mr. LEIF EGELAND, High Commissioner for South Africa in London.

Mr. W. C. NAUDÉ.

Major-General W. H. E. POOLE.

INDIA

PANDIT JAWAHARLAL NEHRU, Prime Minister of India

Mr. V. K. KRISHNA MENON, High Commissioner for India in London.

Sir GIRJA BAJPAI.

12

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAKISTAN

Mr. LIAQAT ALI KHAN, Prime Minister of Pakistan.
Sir ZAFRULLAH KHAN, Minister for Foreign Affairs.
Mr. MOHAMMAD ALI.
Lieut.-General W. J. CAWTHORN.
Mr. QUARISHI.

CEYLON

The Hon. D. S. SENANAYAKE, Prime Minister of Ceylon.
Mr. R. G. SENANAYAKE.
Mr. K. VAITHIANATHAN.
Mr. N. W. ATUKORALA.

SOUTHERN RHODESIA

The Right Hon. Sir GODFREY HUGGINS, Prime Minister of Southern Rhodesia.
Mr. K. M. GOODENOUGH, High Commissioner for Southern Rhodesia in London.
Mr. A. D. CHATWAY.

Secretariat

Sir NORMAN BROOK.
Sir GILBERT LAITHWAITE.

CONTENTS

Minute	*Subject*	*Page*
1	Defence	2
2	Commonwealth Consultation	7
3	Seventh Press Communiqué	7

1. Defence

(Previous Reference: P.M.M. (48) 11th Meeting.)

The Meeting resumed their discussion of the memorandum by the United Kingdom Government (P.M.M. (48) 1) on the world situation and its defence aspects.

TOP SECRET

CONFIDENTIAL ANNEX

MR. LOUW said that he had already dealt with certain aspects of defence in the discussion on foreign affairs on the previous day. The Government of the Union of South Africa were fully conscious of the dangers of Communism and of Soviet penetration both in Europe and elsewhere; and he could not share Dr. Evatt's hope that Soviet policy, based as it was on the teachings of Marx and Lenin, would change. His Government recognised the need for co-operation among all like-minded nations to resist the Soviet threat, and the only question was what should be the form and extent of this co-operation. The statement by Mr. Attlee at the 11th Meeting and P.M.M. (48) 1 seemed to offer a basis acceptable to South Africa, and Lord Tedder had also laid stress on regional schemes worked out so as to fit into a general plan. His Government favoured the idea of collaboration on a regional basis as set out in paragraph 8 of the Appendix to P.M.M. (48) 1, but they could not agree to the wider proposals which seemed to be envisaged by Australia and New Zealand. Nor could the South African Government engage in a general defence scheme involving commitments in different parts of the world. They would not, however, define regional defence too narrowly or limit it to purely local arrangements. South Africa's interests were primarily those of Southern Africa but extended to the whole African continent as regards both external attack and internal dangers. The defence of Africa related also to sea routes and other lines of communication, which were

important also to Australia and New Zealand. His Government recognised the importance of the Middle East countries, which constituted the keystone of the structure of defence of Africa and, while he could not commit the Union to participate in military measures for the defence of the Middle East, he recognised that the question of South African participation might be a matter for further discussion.

The Government of South Africa would wish, as a first step, to undertake discussions with the United Kingdom Government, who had a direct interest in Africa, and with the Government of the neighbouring country of Southern Rhodesia. These discussions could be based on the principles set out in paragraphs 14 and 15 of P.M.M. (48) 1, it being understood that no country would be committed to any particular solution until it had been accepted by its Government.

The United Kingdom, South Africa and Southern Rhodesia were not the only countries interested in the defence of Africa, and he believed that the discussions between the Commonwealth countries concerned should lead on to wider discussions in which the Governments of France, Belgium and Portugal should participate. He did not know whether the United Kingdom Government had considered the possibility of having discussions with those other countries, but he emphasised that the Government of South Africa should be brought into any such discussions at the outset as an equal partner.

He agreed that defence policy must rest on a sound economic basis; and pointed out that South Africa was an important source of supply of food-stuffs and raw materials, and was in course of becoming the greatest producer of uranium in the world. In the United Nations discussions on the control of atomic energy South Africa had reserved her position with regard to uranium production, but she was anxious to exploit her uranium in co-operation with like-minded countries.

SIR GODFREY HUGGINS said that he accepted P.M.M. (48) 1 in its entirety. Commonwealth countries must realise that it was no longer possible for the United Kingdom to protect them as in the past and must be prepared to make adequate contributions in man-power and other resources, even though this should entail considerable sacrifices. Unless a united stand was made, the Commonwealth countries would disappear one by one. Though there had as yet been no opportunity to make contact with the new South African Government, Southern Rhodesia would naturally have to discuss defence problems with South Africa, and she was already in close touch with the United Kingdom on these matters. His Government regarded Southern Rhodesia as a vital link in the chain and were anxious to play their full part.

PANDIT NEHRU said that it was fortunate that the present political crisis had come at a time when the big Powers were not prepared for war; and, since the Soviet Union was not likely to be ready to fight for eight to ten years and the United States and the United Kingdom did not in any event want war, there was a period of grace which could be used to mould the future in such a way as to avert war. He agreed that Commonwealth countries must not be unprepared and should not surrender to evil; but, with the prospect of atomic and biological warfare, another war would be a disaster for all well-intentioned peoples irrespective of who might be the ultimate victor. All countries must therefore set about creating conditions which would make war impossible. The defensive preparations of Commonwealth countries must not be aggressive and should be supplemented by a positive policy designed to do away with the idea of war altogether. There must be a proper balance in the distribution of the available resources between defence preparations and economic development, and it was most important that India should develop her industrial potential. He agreed that it should be made plain to would-be aggressors that war would be unprofitable, and he emphasised that India would permit no incursion into her territory or into the regions around it. To secure this she was prepared to co-operate with other members of the Commonwealth and to share in the burdens which such co-operation would impose. India had resources of monazite, thorium and uranium which it was important to her to develop for peaceful purposes, and he believed that a policy of economic development would both strengthen India's ability to wage war, should this be necessary, and, by providing a higher standard of living, counter the Communist menace. The surest defence against the spread of Communism in India was, in his view, not coercion, but the removal of the conditions of poverty in which Communism found its advantage; and the Government of India were guided by this principle.

MR. LIAQAT ALI KHAN said that, as was recognised in P.M.M. (48) 1, it was impossible to separate questions of defence from political and economic questions. He suggested that there were three points on which it was necessary

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224361

for Commonwealth countries to agree. First, were all agreed that no Commonwealth country should desire or seek war? Secondly, did all regard Communism as a menace to freedom? Thirdly, if any member of the Commonwealth were attacked, whether in open warfare or otherwise, would all other Commonwealth countries come to its aid, it being understood that such aid must not be confined to the Commonwealth members of British stock? He was prepared to answer all three questions in the affirmative. All Commonwealth countries wanted peace because they were anxious to improve the lot of their peoples, and if they ever became involved in war it would be in self-defence. In his view, every country should be at liberty to do as it liked within its own territory, provided that it did not interfere with the affairs of others. His objection to the Soviet Union was that it did not accept this principle.

If there were agreement on the questions he had enumerated he would accept the procedure proposed in paragraph 15 of P.M.M. (48) 1. He thought it most important that the regional arrangements contemplated should be dovetailed into arrangements for the defence of the Commonwealth as a whole. As a member of the Commonwealth, Pakistan was ready and willing to play her full part in the maintenance of peace and in defensive preparations for that purpose. But, just as Pakistan did not seek to secure only advantages from the Commonwealth connection and to give nothing in return, so also she thought that others should share the responsibilities as well as the privileges of membership. The mere exchange of views and information on defence matters was not enough; it must lead on to some definite conclusions, followed by agreed action.

Mr. Liaqat Ali Khan emphasised that Pakistan was already playing her full part in Commonwealth defence; the partition of India had left her with responsibility for the defence of the North-West Frontier, which was a matter of interest to the whole Commonwealth, and she was also responsible for the frontier with Burma, where there was a definite Communist threat. The Pakistan Navy would also play its part in the defence of the oil resources of the Persian Gulf. These important contributions to Commonwealth defence would, he hoped, be recognised by other Commonwealth countries.

In conclusion, Mr. Liaqat Ali Khan emphasised that, while there must be regional defence schemes, including a scheme for the defence of the vital Middle East countries, such schemes must fit into wider plans for the defence of the Commonwealth as a whole. Moreover, the plans should cover not merely defence in the narrow sense, but the development of the economic resources of the Commonwealth and other countries concerned. It would thus be possible to meet any external emergency should it arise, and also to combat the internal menace of Communism by the only really effective weapon, namely, raising the standard of living of the people.

MR. SENANAYAKE stressed the dependence of Ceylon on sea and air communications, and the importance to her of her import and export trade. The communications on which she relied were shared with the rest of the East, with the United Kingdom, and with Australia and New Zealand, and she must therefore look beyond South-East Asia in the matter of defence. For much of the 1939–45 war Ceylon had been the only Allied source of natural rubber, and she was bound to occupy a position of great strategic importance in any future war. Thus, the two sections of Pakistan could communicate by sea only via Ceylon, and a hostile Power holding Ceylon would not only dominate India, Pakistan and Malaya, but would also be able to stop oil supplies from the Persian Gulf. It was true that a direct attack on Ceylon seemed remote; but might not enemy bases be established in Burma, Malaya or Indonesia? In that case, local resources, even with regional planning, would be quite inadequate for the defence of Ceylon. It was natural that the United Kingdom should at present be most interested in Western Europe; but the Soviet Union might well choose to launch an attack in the East.

Mr. Senanayake added that Ceylon could not contribute much in men or military equipment, but she was a valuable source of raw materials. She must reserve her liberty of action according to circumstances, but she would certainly help, provided that her political independence was not jeopardised. Meanwhile, she would take her full share in fighting the " cold " war.

VISCOUNT MONTGOMERY said that Lord Tedder had expressed the views of the United Kingdom Chiefs of Staff and that he had little to say in supplement. In surveying the possibilities of a future war the importance of Africa should be fully recognised. Other parts of the Commonwealth might be lost, but as long as Africa, the Atlantic Ocean and the Indian Ocean were held

C224362

it would be possible to fight back and win in the end. Hence the vital importance of strengthening the Middle East and Western Europe in order to block the enemy's approaches to Africa.

If a war were to break out soon, it could not be expected that much help would be forthcoming from the countries of Western Europe, who had not yet recovered from five years of German occupation, whose morale was low and whose general officers had inevitably spent most of the last war as prisoners. The aim should be first to raise the morale of the Western European countries; secondly, to assist those countries to create organised defence forces; and thirdly, to ensure that these forces were properly equipped. All this would take time, and it would inevitably be a matter of years before the forces of Western Europe could be welded into an efficient fighting machine. He had already held a meeting with the Commanders-in-Chief of the Western Union countries at which they had agreed to work on three plans: an immediate plan, designed to meet any crisis that might arise in the very near future, a two-year plan and a five-year plan. The countries of Western Europe would be greatly encouraged if they knew that, in the event of war, the United Kingdom and other Commonwealth countries, as well as the United States, would fight in Western Europe.

PANDIT NEHRU asked how the weakness of the Netherlands could be reconciled with the fact that large forces were being maintained in Indonesia.

VISCOUNT MONTGOMERY said that it was for consideration whether the Netherlands Government should not be asked to bring some of these forces back to Europe.

DR. EVATT asked whether Viscount Montgomery considered that planning on a regional basis would be adequate.

VISCOUNT MONTGOMERY said that, in his view, there must be a grand design and a master plan into which the regional plans would fit.

MR. ALEXANDER said that he had been impressed by the high degree of unanimity on fundamental principles shown in the discussion. There was surely no doubt that no Commonwealth country would seek to develop its military strength for aggressive purposes or because it believed that might was right; and there would be general agreement with Pandit Nehru's view that the conscience of each nation must be satisfied about the purpose of any defence preparations. It was clear that all Commonwealth nations were at one in believing that they must be prepared to fight for freedom and justice, and this offered a basis for co-operation.

On the question whether it would suffice to rely on regional defence schemes alone, Mr. Alexander pointed out that the regional co-operation in Western Europe, of which the Brussels Treaty was tangible evidence, might well lead the Soviet Union to turn in other directions with a view to exploiting weaknesses in the countries opposed to her in any part of the world.

The proposals in P.M.M. (48) 1 had originated in the fact that it had been impossible to achieve security on a world basis through the United Nations and it had, therefore, become necessary to consider what could be done under Article 51 of the Charter. It was clear that all Commonwealth countries were willing to give political authority for defence planning to proceed at least on a regional basis and, in view of the general agreement on political objectives, it should now be possible for the military staffs to proceed with the study of defence problems on a joint basis, on the understanding that no Commonwealth Government would be committed in advance to acceptance of any particular solution that might emerge. The question of consultation on defence was, of course, part of the wider question of Commonwealth consultation in general and, just as it had been suggested that there might be meetings of Commonwealth Ministers on such topics as foreign affairs and economic affairs, it would also seem appropriate that there should be from time to time meetings of Commonwealth Defence Ministers, at which background information could be exchanged and the results of the various regional plans examined. As Mr. Louw had said, defence plans must take into account not merely man-power and munitions, but also economic resources, and it would be necessary to examine questions of Commonwealth defence from this wider point of view and also to take into account how the regional plans could be fitted into a general design accepted by all.

The Service Liaison Staffs already established had acheived much work of value in the exchange of information, and they might be used for exchanging

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

information about the various regional plans. In particular the United Kingdom would be most willing to share their experience in matters such as training and production of equipment. He suggested that the staffs attending the present meeting should, while they were still in London, consider what improvements were necessary in the arrangements for consultation on military matters, with a view to submitting recommendations to the various Commonwealth Governments.

Mr. Alexander said that he had been interested in what Mr. Liaqat Ali Khan had said about the need for improving living conditions in regions, such as the Middle East, as a means of defence against the spread of Communism, and he knew that no one was more concerned than the Foreign Secretary to encourage the development of the indigenous resources of the Middle East with a view to raising the standard of living in that area. He was most grateful to the representatives of other Commonwealth countries for their helpful contributions to the discussions and he had been particularly encouraged by the statements made by Pandit Nehru and Mr. Liaqat Ali Khan, who had spoken in a spirit which amply justified the policy pursued by the United Kingdom Government in the past three years.

Mr. BEVIN said that the policy of Western Union was occasionally criticised on the ground that it was difficult to reconcile it with the development of closer co-operation among Commonwealth countries He was convinced that this criticism was misconceived, and it would be very helpful, in getting rid of the misconception, if in the final communiqué there could be a statement to the effect that Commonwealth countries were in general agreement with the policy of Western Union and did not regard it as being in any way in conflict with the interests of Commonwealth countries. He did not suggest that Commonwealth countries need necessarily endorse the detailed programme by which Western Union would be achieved, but it would be helpful if they could indicate their approval and understanding of the main objectives of the policy. Perhaps the representatives of Commonwealth countries would be good enough to consider this suggestion before the meeting on the following day.

As regards disarmament, Mr. Bevin said that the United Kingdom Government had always taken the view that, before any real progress could be made, there must be general agreement on a policy of collective security. As the Commonwealth representatives knew, it had been impossible to make any progress in the meetings of the United Nations Committee on Conventional Armaments in New York, and, when the matter had come before the General Assembly in Paris, Mr. Vyshinski had proposed that each of the five big Powers should cut its forces by one-third. He had pointed out that a cut of this kind would fall much more heavily on the Western Powers, and there had since been a series of discussions in the Political Committee, in the course of which the United Kingdom Delegation had put forward a resolution which had not secured approval. The position now was that the Committee had before them six different resolutions, the general effect of which was to amend Mr. Vyshinski's resolution so as to remove the proposal for a one-third cut by the five big Powers, and to introduce a system of verification and inspection under which Governments would have to report on the size of their military forces and armaments. It was hoped that agreement might be reached on a single resolution to this effect, and the United Kingdom Delegation had been informed that they might support such a resolution.

Mr. FRASER suggested that a paragraph about consultation on defence matters on the lines indicated by the Minister of Defence might be included in the general statement about Commonwealth consultation which the Meeting were to consider.

Dr. EVATT supported this proposal. He pointed out that the Minister of Defence had seemed to imply that regional defence arrangements might be made under Article 51 of the United Nations Charter. The purpose of this Article, however, was not to authorise regional arrangements but to recognise the right of collective self-defence, and it was in the exercise of this right that Commonwealth countries, who taken together could not be regarded as a single region, should co-operate in defence matters.

Mr. ATTLEE suggested that officials of the delegations should, in the light of the discussion, draw up a statement about consultation on defence matters which could be included in the proposed general statement on Commonwealth consultation.

2. Commonwealth Consultation

(Previous Reference : P.M.M. (48) 8th Meeting, Minute 1.)

Mr. ATTLEE said that a note (P.M.M. (48) 13), prepared by the Secretary after consultation with officials of all the Delegations, had been circulated covering a detailed statement of the suggestions made in the discussion on 18th October. A further note by the Secretary (P.M.M. (48) 15), covering a statement on Commonwealth consultation, prepared by Dr. Evatt, had also been circulated. He suggested that Dr. Evatt's draft, which seemed more suitable for publication, might be taken as a basis for discussion with a view to reaching an agreed statement which could be included in the final communiqué about the Meeting.

Mr. LIAQAT ALI KHAN suggested that, before Dr. Evatt's draft was considered, it should be revised to cover consultation on defence.

Dr. EVATT said that his draft had been designed to set out in more specific terms the main results of the discussion on Commonwealth consultation. He believed that an announcement on the lines that he proposed would be helpful. He agreed that the statement should cover consultation on defence.

Mr. St. LAURENT said that, to a considerable extent, the arrangements set out in Dr. Evatt's draft were already in operation and that it would therefore be misleading to announce them as though they were new developments agreed on at the Meeting. For example, it would be wrong to imply that the Canadian High Commissioner in London had not in the past had direct access to the Foreign Secretary.

Mr. LOUW said that he had no authority to agree, on behalf of the South African Government, to the arrangements proposed in the draft.

Mr. NOEL-BAKER said that, in general, he preferred Dr. Evatt's draft to the draft annexed to P.M.M. (48) 13. It would, however, be desirable to amend it so as to indicate to what extent it was a declaration of arrangements already in force, and to make it clear that it was subject to endorsement by the Governments of the Commonwealth countries.

Mr. ATTLEE proposed that the draft should be revised by officials in the light of the discussion, and that a revised version should be circulated for consideration at a Meeting at 12 noon on 21st October.

3. Seventh Press Communiqué

The Meeting discussed the substance of the communiqué to be released to the Press describing the day's discussion, and agreed that Mr. Attlee should settle the final terms of the communiqué in the light of their discussion. It was also agreed that no background information about this communiqué should be given to the Press.

Cabinet Office, S.W. 1,
20*th October,* 1948.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C 224365

SECRET

P.M.M. (48) 13th Meeting

MEETING OF PRIME MINISTERS

MINUTES of the Thirteenth Meeting held at 10 *Downing Street, S.W.* 1, *on Thursday,* 21*st October,* 1948, *at* 12 *Noon*

Present :

The Right Hon. C. R. ATTLEE, M.P., Prime Minister of the United Kingdom (*in the Chair*)

UNITED KINGDOM

The Right Hon. HERBERT MORRISON, M.P., Lord President of the Council.

The Right Hon. ERNEST BEVIN, M.P., Secretary of State for Foreign Affairs.

The Right Hon. Sir STAFFORD CRIPPS, K.C., M.P., Chancellor of the Exchequer.

The Right Hon. A. V. ALEXANDER, M.P., Minister of Defence.

The Right Hon. HUGH DALTON, M.P., Chancellor of the Duchy of Lancaster.

The Right Hon. VISCOUNT ADDISON, Lord Privy Seal.

The Right Hon. VISCOUNT JOWITT, Lord Chancellor.

The Right Hon. P. J. NOEL-BAKER, M.P., Secretary of State for Commonwealth Relations.

The Right Hon. J. H. WILSON, M.P., President of the Board of Trade.

Mr. P. C. GORDON-WALKER, M.P., Parliamentary Under-Secretary of State for Commonwealth Relations.

Marshal of the Royal Air Force LORD TEDDER, Chief of the Air Staff.

Lieut.-General Sir LESLIE HOLLIS, R.M., Chief Staff Officer to the Minister of Defence.

Sir ERIC MACHTIG, Commonwealth Relations Office.

Sir NOEL CHARLES, Foreign Office.

Mr. S. L. HOLMES, Board of Trade.

Mr. T. L. ROWAN, Treasury.

CANADA

The Right Hon. L. S. ST. LAURENT, Minister of Justice.

Mr. NORMAN ROBERTSON, High Commissioner for Canada in London.

Mr. J. W. PICKERSGILL.

AUSTRALIA

The Right Hon. H. V. EVATT, K.C., Deputy Prime Minister of Australia.

The Right Hon. J. A. BEASLEY, High Commissioner for Australia in London.

Major-General A. J. Boase.

Professor K. H. BAILEY.

Mr. PATRICK SHAW.

Dr. H. C. COOMBS.

NEW ZEALAND

The Right Hon. PETER FRASER, Prime Minister of New Zealand.

The Right Hon. W. J. JORDAN, High Commissioner for New Zealand in London.

Mr. A. MCINTOSH.

Mr. LESTER WEBB.

SOUTH AFRICA

The Hon. E. H. LOUW, Minister of Mines and Economic Affairs.

Mr. LEIF EGELAND, High Commissioner for South Africa in London.

Mr. W. C. NAUDÉ.

INDIA

PANDIT JAWAHARLAL NEHRU, Prime Minister of India.

Mr. V. K. KRISHNA MENON, High Commissioner for India in London.

Sir GIRJA BAJPAI.

PAKISTAN

Mr. LIAQAT ALI KHAN, Prime Minister of Pakistan.

Sir ZAFRULLAH KHAN, Minister for Foreign Affairs.

Mr. MOHAMMAD ALI.

Lieut.-General W. J. CAWTHORN.

Mr. QUARISHI.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

CEYLON

The Hon. D. S. SENANAYAKE, Prime Minister of Ceylon.

Sir OLIVER GOONETILLEKE, High Commissioner for Ceylon in London.

Mr. K. VAITHIANATHAN.

Mr. N. W. ATUKORALA.

SOUTHERN RHODESIA

The Right Hon. Sir GODFREY HUGGINS, Prime Minister of Southern Rhodesia.

Mr. K. M. GOODENOUGH, High Commissioner for Southern Rhodesia in London.

Mr. A. D. CHATWAY.

Secretariat

Sir NORMAN BROOK.

Mr. S. E. V. LUKE.

CONTENTS

Minute	*Subject*	*Page*
1	Most-Favoured-Nation Treatment for Japan	2
2	Commonwealth Consultation	2

---

1. Most-Favoured-Nation Treatment for Japan

(Previous Reference: P.M.M. (48) 3rd Meeting, Minute 3.)

MR. BEVIN said that, in his review of foreign affairs in the East, he had mentioned the pressure to which he had been subjected by the United States Government to agree to most-favoured-nation treatment for Japan. This had been resisted in connection with the European Recovery Programme. Now, however, the United States Government had formally proposed that this question should be discussed at a meeting between official representatives of the United States and of Commonwealth countries. He proposed that the United States invitation should be accepted, the United Kingdom and other Commonwealth representatives being instructed that, without committing their Governments, they were to consider the United States proposals as well as the policy involved and to report back to their Governments. The place and time of the proposed meeting had not yet been fixed. Mr. Bevin promised to consider a suggestion by Dr. Evatt that the meeting should be held in Paris.

There was general agreement with Mr. Bevin's proposal.

2. Commonwealth Consultation

(Previous Reference: P.M.M. (48) 12th Meeting, Minute 2.)

The Meeting had before them a note by their Secretary (P.M.M. (48) 16) covering a revised draft of the proposed statement on Commonwealth Consultation.

MR. LOUW said that, if it were intended to publish a document purporting to contain the agreed conclusions of the meeting on this subject, he would have specifically to reserve the position of the South African Government. The paper proposed the creation of new machinery for consultation, or the extension of existing machinery. He could not commit his Government to public acceptance of these proposals at the present stage. He did not wish to suggest that his Government were opposed to consultation and co-operation where suitable, but he would urge the unwisdom of hasty publication. If, however, it were merely a question of making recommendations for consideration by Governments, he would be able to assent to much of the contents of this statement.

After discussion, it was agreed to consider the statement on the basis of a recommendation to Commonwealth Governments and not as a document for publication. It was also agreed that the communiqué to be issued to the Press at the conclusion of the Prime Ministers' Meeting should incorporate a passage stating in general terms that recommendations on the subject of Commonwealth consultation had been drawn up for submission to Commonwealth Governments.

In the ensuing discussion of the draft statement the following were the main points raised—

(*a*) *Paragraph* 2.—Varying views were expressed about the frequency with which Ministerial meetings could be held on foreign affairs. Stress was laid on the physical difficulty of arranging as many as two such meetings a year, in view of the many other commitments falling upon a Minister of External Affairs—especially when he might also be Prime Minister.

DR. EVATT said that if it were proposed to recommend only one meeting a year, the recommendation was scarcely worth making, since one such meeting was usually held at the time of the United Nations Assembly. MR. BEVIN made it clear that he was prepared to agree to another such meeting in addition to any which might take place at the same time as the Assembly. Thus, in effect, two meetings a year were contemplated, though for tactical reasons it might be unwise to state publicly an intention to hold one regularly at the time of the United Nations Assembly since this might be taken to imply a "ganging-up" of Commonwealth countries in connection with United Nations business.

It was accordingly agreed that the recommendation should be for Ministerial meetings on foreign affairs to be held at least once, and, if possible, twice, a year.

(*b*) *Paragraph* 3.—It was pointed out that, although Commonwealth High Commissioners in London had direct access to the Foreign Secretary, it would not always be practicable for the Foreign Secretary at short notice to give personal interviews. It was agreed that on such occasions High Commissioners should see other Foreign Office Ministers or senior officials.

(*c*) *Paragraph* 6.—There was a general discussion of the question whether this paragraph should recommend consultation and co-operation, as envisaged in the draft before the Meeting, or consultation only. MR. LOUW thought the latter sufficient in itself, and stated that the Union Government could not be committed to any co-operation necessarily developing out of the consultation on defence matters which she was willing to undertake.

MR. FRASER said that all Commonwealth countries must take account of the facts. Speaking for New Zealand, he would say that if the United Kingdom were defeated in war, it would only be a question of time before New Zealand fell too. He therefore regarded New Zealand's defence interests as being closely linked with those of the United Kingdom, and was anxious to enter into the closest co-operation as well as consultation with the latter on defence matters. DR. EVATT agreed with Mr. Fraser and emphasised that consultation which did not lead to co-operation could be positively dangerous.

There was also considerable discussion whether paragraph 6, which made specific mention of regional security, laid sufficient stress also on the prior necessity of drawing up an overall strategic plan into which regional plans could be dovetailed. DR. EVATT and MR. FRASER were anxious that regional co-operation should not be over-emphasised to the exclusion of general co-operation, whilst MR. LOUW advocated limiting the application of the paragraph more strictly to regional defence.

LORD TEDDER referred to paragraph 6 of the memorandum by the United Kingdom Chiefs of Staff attached to P.M.M. (48) 1, which stated that, before regional planning could take place or be put effectively into practice, it was necessary to reach agreement on the fundamental principles of defence policy and strategy. He said that it was necessary to be practical, and to base one's plans on what was reasonably likely to happen during the next ten years. As things stood at present, it must be admitted that the United Kingdom had made further progress in co-operation in planning with the Western Union countries than it had with the other Commonwealth countries. The United Kingdom and the Western Union countries had started by trying to plan the defence of Western Europe on a purely regional basis, but it had soon been found that this was not practicable and that it was necessary to consider the problems of Western European defence in the broader context of the world-wide commitments of the countries taking part. As part of this it was necessary for the United Kingdom to have defence discussions with the other members of the Commonwealth.

MR. BEVIN said that the defence of Africa was of the greatest importance in world strategy, and it was difficult to see how it could be a matter of regional concern. On the wider question of Commonwealth co-operation in defence

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C 224368

matters, it ought to be recognised that the other members of the Commonwealth would be placed in a position of considerable difficulty if they were left in doubt as to the intentions of any individual Commonwealth Government.

MR. ST. LAURENT was anxious that paragraph 6 should be so drafted as not to make it appear that consultation and co-operation in defence matters was necessarily confined to British Commonwealth countries. It would be quite unrealistic for Canada to agree to any arrangement which precluded her from concerting defence measures with the United States, and the same applied also in the economic sphere. This point found general acceptance, MR. BEVIN pointing out that the United Kingdom already had such consultation and co-operation with, for instance, other members of the Western Union.

MR. FRASER also supported Mr. St. Laurent's view and said that consultation and co-operation on defence matters which might be contemplated also with, for instance, the United States, made it all the more imperative to achieve agreement inside the Commonwealth first.

MR. NEHRU, MR. LIAQAT ALI KHAN and MR. SENANAYAKE also made the point that their Governments were anxious for close consultation in defence matters. MR. ATTLEE said that this was also the desire of the United Kingdom Government.

Various amendments were made to the text of P.M.M. (48) 16 in order to meet the points made in the course of the discussion.

A revised text of the statement incorporating the amendments approved in the discussion is reproduced in the Annex to these minutes. The Meeting agreed that the statement should be submitted in this form to all Commonwealth Governments for approval.

*Cabinet Office, S.W.*1,
21*st October*, 1948.

ANNEX

COMMONWEALTH CONSULTATION

Discussions during the meeting have demonstrated the value to Commonwealth Governments of consultation with one another on foreign and economic affairs, defence and other matters of common concern. Although the exchange of information is fuller at the present time than it has ever been, it is specially important that consultation should take place early while policy is still in the formative stages. The Meeting recommend, subject to endorsement by the respective Governments, the following arrangements for Commonwealth consultation, which in part reflect existing practice :—

1. Meetings of Commonwealth Prime Ministers will be held as often as is practicable.

2. In the intervals between those meetings Commonwealth meetings on foreign affairs will be held at the Ministerial level at least once a year and twice a year if possible. These meetings will normally be held in one or other of the Commonwealth countries. The first of these meetings will be held in Ceylon.

3. Greater use will be made of facilities in London for consultation and the exchange of information. In addition to their contacts with the Secretary of State for Commonwealth Relations and his staff :—

(i) Commonwealth High Commissioners in London have direct access to the Foreign Secretary. Meetings between the Foreign Secretary and individual High Commissioners will be held more frequently. Meetings between the Foreign Secretary and two or more High Commissioners will also be arranged from time to time, as occasion requires, for the discussion of matters of common interest.

C 224369

(ii) Political Secretaries (or comparable officials) attached to the staffs of Commonwealth High Commissioners in London also have direct access to the Foreign Office. Meetings between them and officials of the Foreign Office, either individually or in groups, will be arranged as required.

Other Commonwealth Governments will endeavour to make comparable arrangements in their capitals.

4.—(*a*) Commonwealth meetings on economic and financial questions of common concern will be held at the Ministerial level when required and practicable. These meetings will normally be held in one or other of the Commonwealth countries, according to circumstances. Where a particular problem directly concerns only some of the Commonwealth countries, the meeting might be confined to representatives of those countries.

(*b*) For the discussion of matters affecting only two Commonwealth countries meetings of Ministers or officials will also be held as necessary; and, where appropriate, formal machinery could be established for this purpose on the lines of the recently constituted Continuing Canada–United Kingdom Economic Committee.

(*c*) The existing contacts between officials of Commonwealth Governments concerned with financial and economic matters will be maintained and extended, and in particular there will be more frequent interchange of visits.

5.—(*a*) To meet present needs the existing Commonwealth Liaison Committee for the European Recovery Programme, which includes officials of all Commonwealth countries, will under the title "Commonwealth Economic Information Committee" serve in London as a clearing-house for economic information generally to provide the basis for informed consultation between Governments.

(*b*) Other Commonwealth Governments will endeavour to make comparable arrangements in their capitals.

6. In furtherance of the general aim of co-operation between all peace-loving nations to deter and to resist aggression there will be close consultation between Commonwealth Governments to arrange co-operative action in matters of defence, including those matters which arise from a common interest in the security of a particular region. The military advisers of those Governments will consult together to frame proposals and plans for submission to their respective Governments.

Meetings will be arranged on the Ministerial level, as the occasion demands, to discuss defence problems, whether general or regional.

In the system of Commonwealth Service Liaison Officers there already exists machinery for the exchange of military information of general interest, and Commonwealth Governments will consider how that machinery can be improved to render it fully effective as a means of exchanging information about the progress of the defence plans, whether general or regional, and securing the maximum appropriate degree of defence co-ordination.

7. The arrangements summarised above will supplement but will not supersede the existing channels of communication between Commonwealth Governments. In London, the Secretary of State for Commonwealth Relations will continue to be responsible for relations with other Commonwealth Governments.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224370

SECRET

P.M.M. (48) 14th Meeting

MEETING OF PRIME MINISTERS

MINUTES of the Fourteenth Meeting held at 10 *Downing Street, S.W.* 1, *on Thursday,* 21*st October,* 1948, *at* 3 *p.m.*

Present :

The Right Hon. C. R. ATTLEE, M.P., Prime Minister of the United Kingdom (*in the Chair*)

UNITED KINGDOM

The Right Hon. ERNEST BEVIN, M.P., Secretary of State for Foreign Affairs.

The Right Hon. Sir STAFFORD CRIPPS, K.C., M.P., Chancellor of the Exchequer.

The Right Hon. HUGH DALTON, M.P., Chancellor of the Duchy of Lancaster.

The Right Hon. VISCOUNT ADDISON, Lord Privy Seal.

The Right Hon. VISCOUNT JOWITT, Lord Chancellor.

The Right Hon. P. J. NOEL-BAKER, M.P., Secretary of State for Commonwealth Relations.

The Right Hon. J. H. WILSON, M.P., President of the Board of Trade.

Mr. P. C. GORDON-WALKER, M.P., Parliamentary Under-Secretary of State for Commonwealth Relations.

Sir ERIC MACHTIG, Commonwealth Relations Office.

Sir NOEL CHARLES, Foreign Office.

Mr. S. L. HOLMES, Board of Trade.

CANADA

The Right Hon. L. S. ST. LAURENT, Minister of Justice.

Mr. NORMAN ROBERTSON, High Commissioner for Canada in London.

Mr. J. W. PICKERSGILL.

AUSTRALIA

The Right Hon. J. A. BEASLEY, High Commissioner for Australia in London.

Professor K. H. BAILEY.

Dr. H. C. COOMBS.

Mr. J. OLDHAM.

NEW ZEALAND

The Right Hon. PETER FRASER, Prime Minister of New Zealand.

The Right Hon. W. J. JORDAN, High Commissioner for New Zealand in London.

Mr. A. MCINTOSH.

SOUTH AFRICA

The Hon. E. H. LOUW, Minister of Mines and Economic Affairs.

Mr. LEIF EGELAND, High Commissioner for South Africa in London.

Mr. W. C. NAUDÉ.

INDIA

PANDIT JAWAHARLAL NEHRU, Prime Minister of India.

Mr. V. K. KRISHNA MENON, High Commissioner for India in London.

Sir GIRJA BAJPAI.

PAKISTAN

Mr. LIAQAT ALI KHAN, Prime Minister of Pakistan.

HABIB IBRAHIM RAHIMTOOLA, High Commissioner for Pakistan in London.

Mr. MOHAMMAD ALI.

CEYLON

The Hon. D. S. SENANAYAKE, Prime Minister of Ceylon.

Sir OLIVER GOONETILLEKE, High Commissioner for Ceylon in London.

Mr. K. VAITHIANATHAN.

Mr. N. W. ATUKORALA.

36043—3

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C22 371

SOUTHERN RHODESIA

The Right Hon. Sir GODFREY HUGGINS, Prime Minister of Southern Rhodesia.

Mr. K. M. GOODENOUGH, High Commissioner for Southern Rhodesia in London.

Secretariat

Sir NORMAN BROOK.

Mr. S. E. V. LUKE.

CONTENTS

Minute	*Subject*	*Page*
1	Status of High Commissioners	2
2	Final Communiqué	4
3	Commonwealth Consultation	4

---

1. Status of High Commissioners

(Previous Reference : P.M.M. (48) 7th Meeting, Minute 2)

MR. ATTLEE recalled that, at their seventh meeting on 18th October, Ministers had agreed that a Committee of Commonwealth representatives should work out detailed proposals regarding the status of High Commissioners on the basis of the proposals contained in P.M.M. (48) 9. The Committee's report had been circulated as P.M.M. (48) 14, and he thought that it would be convenient for the Meeting to consider the summary of their recommendations set out in Section IV of this report.

There was general support for recommendations 1 to 9 in this Section. In discussion, the following points were made—

(*a*) MR. JORDAN said that there would be general appreciation of the generous gesture which the Canadian Government had made in offering to forego the long-standing arrangement under which the Canadian High Commissioner in London took precedence over other Commonwealth High Commissioners.

(*b*) MR. NOEL-BAKER said that the proposal that High Commissioners should take precedence in accordance with their seniority would be warmly welcomed by United Kingdom High Commissioners in Commonwealth countries.

(*c*) MR. LOUW pointed out that there was some ambiguity in the suggestion that Ambassadors and High Commissioners should take precedence according to "date of appointment;" and there was general agreement that, for the purpose of determining the relative seniority of High Commissioners, arrangements should be adopted which were in conformity with those which governed the relative precedence of Ambassadors.

(*d*) MR. FRASER said that he was not happy about the Committee's proposal that it should be left to different Commonwealth Governments to decide whether High Commissioners should be styled "Excellency." Opinion in New Zealand was unsympathetic to the multiplication of titles of this type; moreover, he thought that confusion would result by leaving a discretion to Governments. He recognised, however, that High Commissioners were at some disadvantage in relation to Ambassadors in the matter and, in view of the general support for this proposal, he did not propose to press his objections.

The discussion then turned on the question of the title of High Commissioners, on which the Committee had not been able to reach agreement.

MR. BEASLEY said that the Australian Government were strongly in favour of changing the title "High Commissioner" to "Ambassador." He understood now for the first time that the United Kingdom Government was not in favour of this proposal. He had himself attended the meeting of the Committee with precise instructions on the point, and he thought that it was unfortunate that the attitude of the United Kingdom Government had not been made clear in the Committee's discussion.

C224372

MR. LOUW said that the Union Government also was in favour of the adoption of the title "Ambassador." In his view, the only technical difficulty in the way of this proposal was that it might be held to make it necessary for The King to address Letters of Credence to himself. It was, indeed arguable that this procedure was not open to constitutional objection; but, in any event, it ought to be possible to reach a satisfactory solution of this difficulty, for instance by arranging for High Commissioners to be accredited through Foreign Offices. The manner in which Commonwealth Ambassadors were accredited to other Commonwealth countries was not the concern of foreign States. The change in title which he proposed was the logical outcome of Commonwealth constitutional developments in recent years; apart from this, it was desirable because the title "High Commissioner" no longer conveyed a sense of dignity and importance in the public mind.

SIR NOEL CHARLES, speaking on behalf of the United Kingdom Foreign Office, said that Mr. Bevin had been most anxious to meet the views of Commonwealth Governments. But it had not been possible for Commonwealth representatives to reach unanimity on this question. The changes which the United Kingdom proposed to make in the precedence of Ambassadors relative both to certain other persons and to the Commonwealth High Commissioners would not be very acceptable to foreign Governments; and there might be some advantage in not changing the title of High Commissioner at the same time.

MR. FRASER said that it was not clear whether the proposal put forward by the representatives of Australia and the Union of South Africa was related merely to the narrow issue of status or whether it implied a changed conception of the Commonwealth relationship. Did it mean that the relationship between Commonwealth Governments was to become more remote, reserved and formal? If so, the proposal stood condemned on its merits. He did not think that it was proper for Commonwealth countries, as a family group, to be represented by Ambassadors in other Commonwealth territories.

MR. NOEL-BAKER said that the United Kingdom standpoint on this question had been made clear in P.M.M. (48) 9. The United Kingdom Government saw no great merit in the title "High Commissioner," but no satisfactory alternative had so far been found. The proposal for the adoption of the title "Ambassador," however, clearly involved an issue of substance. The relationship of Commonwealth High Commissioners with the United Kingdom Government was on a wholly different footing from that of foreign Ambassadors; and he thought that the same was true of the position in other Commonwealth countries. In the United Kingdom, at least, there could be no doubt that the standing of High Commissioners in the public estimation was a great deal higher than that of Ambassadors. Indeed, the number of Ambassadors was now so great that the title had lost much of its former significance. The adoption of this title for Commonwealth representatives would, moreover, give rise to strong criticism in Parliament and elsewhere in the United Kingdom, on the ground that it must imply some weakening of Commonwealth ties; and he thought that a similar criticism might well be made in other Commonwealth Parliaments.

SIR STAFFORD CRIPPS said that the adoption of the title "Ambassador" would suggest that High Commissioners in Commonwealth countries were in the same relationship to Governments as were the Ambassadors of foreign Powers. This was not in fact the case, and it was most undesirable that any step should be taken which might tend to assimilate the two relationships. High Commissioners enjoyed facilities for consultation very different from those accorded to Ambassadors; if, however, the same title were employed for both, the door would be open to claims for similar treatment by the Ambassadors of foreign countries.

LORD ADDISON said that, in the United Kingdom the title "High Commissioner" was associated in the public mind with the Commonwealth relationship and that, in consequence, High Commissioners were held in much higher public estimation than Ambassadors.

MR. ST. LAURENT suggested that, in view of the fact that it had not been possible to reach a generally acceptable solution, this question should be held over for discussion by a subsequent Meeting.

MR. ATTLEE agreed that, as agreement had not been reached, it seemed best to leave the matter over for another Meeting. The United Kingdom Government were not opposed to the idea of finding an alternative title; but that of

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

"Ambassador" carried with it, by tradition and practice, the implication that its holder was the representative of a foreign State.

2. Final Communiqué

The Meeting discussed the terms of a final communiqué on the basis of a draft circulated by their Secretary under P.M.M. (48) 17. It was agreed that a revised draft should be prepared in the light of the criticisms and suggestions made in the discussion, and that this should be considered at a subsequent meeting on the following day.

3. Commonwealth Consultation

(Previous Reference: P.M.M. (48) 13th Meeting, Minute 2.)

MR. ST. LAURENT said that he thought it necessary to make an explanatory statement in connection with the recommendations on Commonwealth consultation which the Meeting had agreed earlier in the day. In agreeing to recommend consultation between Commonwealth Governments to arrange co-operative action in matters of defence, he wished to make it clear that, in view of her historic position, it would be unreal for Canada to regard as effective either general or regional plans of defence which would comprise Commonwealth countries exclusively, and which did not also include other peace-loving countries prepared to co-operate in resisting aggression. He asked that a note to that effect should be circulated with the statement which the Meeting had approved for submission to Commonwealth Governments. The Meeting agreed to this proposal.

Cabinet Office, S.W.1,
21st October, 1948.

SECRET

P.M.M. (48) 15th Meeting

MEETING OF PRIME MINISTERS

MINUTES of the Fifteenth Meeting held at 10 Downing Street, S.W.1, on Friday, 22nd October, 1948, at 10·30 a.m.

Present:

The Right Hon. C. R. ATTLEE, M.P., Prime Minister of the United Kingdom (*in the Chair*)

UNITED KINGDOM

The Right Hon. HERBERT MORRISON, M.P., Lord President of the Council.
The Right Hon. ERNEST BEVIN, M.P., Secretary of State for Foreign Affairs.
The Right Hon. Sir STAFFORD CRIPPS, K.C., M.P., Chancellor of the Exchequer.
The Right Hon. A. V. ALEXANDER, M.P., Minister of Defence.
The Right Hon. HUGH DALTON, M.P., Chancellor of the Duchy of Lancaster.
The Right Hon. VISCOUNT ADDISON, Lord Privy Seal.
The Right Hon. VISCOUNT JOWITT, Lord Chancellor.
The Right Hon. P. J. NOEL-BAKER, M.P., Secretary of State for Commonwealth Relations.
Mr. P. C. GORDON-WALKER, M.P., Parliamentary Under-Secretary of State for Commonwealth Relations.
Sir ERIC MACHTIG, Commonwealth Relations Office.

CANADA

The Right Hon. L. S. ST. LAURENT, Minister of Justice.
Mr. NORMAN ROBERTSON, High Commissioner for Canada in London.
Mr. J. W. PICKERSGILL.

AUSTRALIA

The Right Hon. J. A. BEASLEY, High Commissioner for Australia in London.
Professor K. H. BAILEY.
Dr. H. C. COOMBS.

NEW ZEALAND

The Right Hon. PETER FRASER, Prime Minister of New Zealand.
Mr. A. MCINTOSH.

SOUTH AFRICA

The Hon. E. H. LOUW, Minister of Mines and Economic Affairs.
Mr. LEIF EGELAND, High Commissioner for South Africa in London.
Major-General W. H. E. POOLE.
Mr. W. C. NAUDÉ.

INDIA

PANDIT JAWAHARLAL NEHRU, Prime Minister of India.
Mr. V. K. KRISHNA MENON, High Commissioner for India in London.
Sir GIRJA BAJPAI.
Mr. M. O. MATTHAI.

PAKISTAN

Mr. LIAQAT ALI KHAN, Prime Minister of Pakistan.
HABIB IBRAHIM RAHIMTOOLA, High Commissioner for Pakistan in London.
Sir ZAFRULLAH KHAN.
Mr. MOHAMMAD ALI.

CEYLON

The Hon. D. S. SENANAYAKE, Prime Minister of Ceylon.
Sir OLIVER GOONETILLEKE, High Commissioner for Ceylon in London.
Mr. K. VAITHIANATHAN.
Mr. N. W. ATUKORALA.

Secretariat

Sir NORMAN BROOK.
Sir GILBERT LAITHWAITE.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224375

CONTENTS

Minute	*Subject*	*Page*
1	Final Communiqué	2
2	Commonwealth Consultation	2
3	Concluding Speeches	2

1. Final Communiqué

(Previous Reference: P.M.M. (48) 14th Meeting, Minute 2.)

The meeting had before them a revised draft (P.M.M. (48) 17 (Revise)) of the final communiqué for the Press, which had been prepared by representatives of the Delegations in the light of the criticisms and suggestions made at the previous meeting.

The meeting considered the revised draft paragraph by paragraph and various suggestions for amendment were discussed.

The final text of the communiqué, incorporating the amendments approved in the discussion, is reproduced in the annex to these minutes.

2. Commonwealth Consultation

(Previous Reference: P.M.M. (48) 13th Meeting, Minute 2.)

SIR STAFFORD CRIPPS said that a clear understanding should be reached that there would be no publication in any Commonwealth country of the detailed recommendations on Commonwealth consultation until all Governments had approved them and agreed to their publication.

MR. FRASER said that Governments might soon be pressed to give information about these recommendations in their Parliaments; and all Governments should, therefore, undertake to reach decisions on them with the minimum of delay. If ultimately no general agreement could be reached, each Government would be at liberty to disclose the views on this subject which had been expressed on its behalf at the meeting.

There was general agreement that all Governments should reach decisions on these recommendations as quickly as possible, and in any event by the end of November; and that meanwhile there should be no publication of the recommendations in any country.

3. Concluding Speeches

MR. ATTLEE said that at the conclusion of the plenary sessions of the Meeting he would like to express, on behalf of himself and his colleagues in the United Kingdom Government, their pleasure as hosts in having had the opportunity of welcoming the Delegations. They were impressed with the value of the exchange of views which had taken place, with the high level of the discussions and with the great measure of agreement which had been reached. He thought that all present could regard the Meeting as having been highly successful.

MR. ST. LAURENT said he would like to express, on behalf of the representatives of the other Commonwealth Governments, their sincere thanks to Mr. Attlee for presiding over the meetings and for giving his constant and valuable help, which had contributed so much to the success of the discussions.

PANDIT NEHRU, in associating himself with Mr. St. Laurent's remarks, expressed the great pleasure of the Indian Delegation at having been able to participate in the Meeting.

MR. LOUW asked to be associated with what had been said about Mr. Attlee's chairmanship. A word of thanks was also due to the officials of the Commonwealth Relations Office and to the members of the Secretariat for the assistance which they had given to all Delegations. The South African Delegation were most grateful for the hospitality they had received during their stay in London.

MR. LIAQAT ALI KHAN joined in the tributes to Mr. Attlee's chairmanship. He was particularly happy to have had this opportunity of closer contact

C224376

with his Commonwealth colleagues. He hoped that the ties between the Commonwealth countries would be strengthened by this Meeting.

MR. SENANAYAKE expressed his great pleasure at having been able to attend the Meeting as the representative of Ceylon.

MR. BEASLEY said that the Meeting had been of great educative value for all taking part in it. It had provided for each Commonwealth Government an opportunity to gain a clearer understanding of the problems and viewpoints of the others.

MR. FRASER said that Mr. Attlee's fair and forbearing chairmanship had done much to ensure the success of the Meeting. He himself had been much impressed by the spirit of mutual accommodation shown throughout the proceedings. He had derived great pleasure from the presence of the representatives of India, Pakistan and Ceylon. This had been an inspiration to them all, and he hoped that these countries would derive from their Commonwealth membership strength and confidence in facing the great tasks before them. He himself believed that the world had rarely seen anything finer than the courage and enlightenment shown by Mr. Attlee's Government in recognising the rights of these peoples who had so long been struggling to achieve their independent destiny. This indeed was an example which had been an inspiration to the world.

MR. ATTLEE, in concluding the Conference, expressed his gratitude for the assistance given to him by his colleagues in the United Kingdom Government and for the spirit of helpful co-operation shown by all the representatives of Commonwealth countries throughout the discussions.

Cabinet Office, S.W. 1,
22*nd October*, 1948.

ANNEX

FINAL COMMUNIQUÉ

The Final Plenary Session of the Meeting of Commonwealth Prime Ministers was held at No. 10 Downing Street this morning. At the end of the meeting the representatives of the other Commonwealth Governments placed on record their sincere thanks to the Prime Minister of the United Kingdom for presiding over the meetings and for his constant and valuable help.

The purpose of these informal meetings of Commonwealth Prime Ministers is to provide opportunities for a free exchange of views on matters of common concern.

The meetings held during the past two weeks have covered many such matters of common concern, including international relations, economic affairs and defence. The discussions have shown a substantial community of outlook among all the Commonwealth Governments in their approach to present world problems. Fundamentally, this approach is based upon their support of the objectives of the United Nations as an instrument for world peace and their determination to make its work fully effective. All the Commonwealth Governments are resolved to work together and with other Governments to establish world peace on a democratic basis.

In furtherance of these objectives, the representatives of Commonwealth Governments affirmed their purpose to build up the economic strength of their countries and to take all appropriate measures to deter and resist aggression. At the same time they will do their utmost to encourage an increased production of wealth so as to achieve higher standards of living, especially for the peoples of the less developed countries of the world, as a constructive contribution to the preservation of world peace.

The economic forecast for the coming years made by the United Kingdom Government for the Organisation for European Economic Co-operation was considered in order to give the other Commonwealth countries an opportunity to examine its implications for their own economies. The conference re-affirmed the desirability for all the Commonwealth Governments, in formulating their

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224377

policies, to consult with one another, so far as practicable, so that each can co-operate by taking into account the needs and policies of the others.

The United Kingdom Government outlined the nature of its association with other Western European nations under the Brussels Treaty, as a regional association within the terms of the United Nations Charter. There was general agreement that this association of the United Kingdom with her European neighbours was in accordance with the interests of the other members of the Commonwealth, the United Nations, and the promotion of world peace. It was agreed that other Commonwealth Governments should be kept in close touch with the progress of this co-operation with Western Europe.

The Conference was impressed by the value of the discussions which had taken place at the Ministerial level and expressed a general desire to maintain and extend methods of consultation between the Governments of the Commonwealth. Recommendations for improving Commonwealth consultation on foreign affairs, economic affairs and defence are being submitted to the Governments for consideration and decision.

The Meeting recorded its support for Ceylon's application for membership of the United Nations. The representatives of all the other Commonwealth Governments took note of the constitutional documents published by the Ceylon Government in Ceylon Sessional Paper XXII of 1947 under the title "The Independence of Ceylon" and in Ceylon Sessional Paper III of 1948 under the title "The Constitution of Ceylon." They agreed to take this opportunity of their meeting in London to place on record their recognition of Ceylon's independence and to affirm that Ceylon enjoys the same sovereign independent status as the other self-governing countries of the Commonwealth which are members of the United Nations.

This meeting included for the first time the Prime Ministers of India, Pakistan and Ceylon. Their presence symbolised the extension of the bounds of democratic freedom which reflects the spirit and steadfast purpose of the Commonwealth. These new representatives of sovereign nations brought to the deliberations of their colleagues from the other free countries of the Commonwealth the wisdom of their ancient civilisations vivified by the dynamism of the modern age. This blending of the West and the East in the lofty task of building a lasting peace on the foundations of freedom, justice and economic prosperity provides a new hope for harassed mankind

10 *Downing Street, S.W.* 1,
22*nd October*, 1948.

MEMORANDA

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C 224378

TOP SECRET

P.M.M. (48) 1

23rd September, 1948

MEETING OF PRIME MINISTERS

THE WORLD SITUATION AND ITS DEFENCE ASPECTS

MEMORANDUM BY THE UNITED KINGDOM GOVERNMENT

THE Charter of the United Nations, signed at San Francisco in 1945, announced as the first of the purposes of the United Nations the maintenance of international peace and security. To that end, the Charter prescribes a detailed procedure, under the primary responsibility of the Security Council, for the pacific settlement of disputes and, in the event of pacific settlement failing, for collective action with respect to threats to the peace, breaches of the peace and acts of aggression. For the fulfilment of its task of maintaining international peace and security, the Security Council is empowered to have at its disposal armed forces and other facilities to be made available by members of the United Nations under special agreements to be made between Member States and the Security Council itself.

2. His Majesty's Government in the United Kingdom have, from the outset, devoted their best efforts to ensuring that the United Nations should be successful in its task of maintaining international peace and security. The establishment of collective security under the United Nations has, however, not been achieved. In the Security Council the abuse by the Soviet Government of their right of veto has in many cases prevented the Council even from reaching a decision as to the facts of the case presented to it, let alone the taking of action in connection therewith. It has proved impossible for the Security Council to reach agreement upon some of the most important principles on which, in the view of the Military Staff Committee, agreement must be reached before steps can be taken to establish the forces on which the Security Council must rely in order to carry out its decisions. Further, the inability of the Soviet Government to agree to negotiate in the Atomic Energy Commission and in the Commission for Conventional Armaments on the basis of the majority views has contributed powerfully towards the disruption of international confidence, and it is an axiom that only in an atmosphere of international confidence can international collective security, in the full sense of the term, be built up.

3. Faced with this situation, the Western Powers feel that it is of paramount importance that all like-minded Governments should co-operate in building up collective security from another angle, that of regional security, which is also contemplated by the Charter, and should seek their justification in the right of collective self-defence which is expressly recognised in Article 51 of the Charter.

4. The only two Powers who are singly capable at the present time of menacing world security are the United States and the Soviet Union. There is no threat to world peace from the United States and, in view of the close political and other ties and the considerable community of interests between members of the Commonwealth and the United States, it is unthinkable that any member of the Commonwealth should ever engage in hostilities against the United States or against a combination of Powers which includes the United States. On the other hand, the Soviet policy and aims are a threat to all free nations, who are in danger of being subjugated one by one.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

5. It is important to realise clearly the nature of the Soviet threat to peace. Communist parties now exist in some form in every country in the world without exception. In every country they have the same aim, the establishment of a régime which, whatever its merits, is fundamentally opposed to the conceptions of human rights and civil liberties which lie at the basis of the civilisation common to all Commonwealth countries and indeed to the whole free world.

6. In other circumstances, this might have been an internal affair for each country. But the whole problem is transformed by the fact that these Communist parties derive their strength from the support they receive from a formidable national State. The Soviet Union and its satellites now form a solid political and economic *bloc* extending from the Mediterranean to the Pacific. From behind these secure entrenchments the Soviet Government are exerting constantly increasing pressure which threatens the whole fabric of civilisation, religious, political, cultural and material, as we know it. In some countries the danger is still latent, but in Germany, France, Trieste, Italy, Greece, Burma, Malaya and China the conflicting forces are already at grips with one another. This policy is sustained in every country, to a greater or lesser degree, by the Communist parties. The aim of this pressure is to accelerate what Communists believe to be an inevitable process, the downfall of the free democracies and their replacement by the Marxist State. They believe that time is on their side, and would prefer to achieve their ends by political means rather than by war. They regard constant friction and struggle as only natural in the relations between Communist and non-Communist States, and have no interest whatever in the establishment of orderly and prosperous conditions for the common man in the non-Communist world. While their strategy is fixed, their tactics are opportunist and flexible.

7. In pursuit of these aims, the policy of the Soviet Government has five main facets :—

(*a*) first, the consolidation of Soviet strategic security by the establishment of a belt of subservient States around the frontiers of the Soviet Union.

(*b*) second, the restoration of Soviet economy and its development to a point where it will rival and eventually outstrip that of the United States.

(*c*) third, the avoidance of a major war unless a Soviet vital interest is menaced or conditions are judged to be sufficiently favourable to the Soviet Union.

(*d*) fourth, the continued aggressive promotion of Communism by all means short of a major war throughout the non-Communist world.

(*e*) fifth, an endeavour to weaken and disintegrate the non-Communist world, by political infiltration, leading to unrest and economic distress, by the promotion of civil war in independent countries, and by the fostering of revolutionary movements and unrest in non-self-governing territories or those under trusteeship.

This policy, if pursued, will inevitably lead to a clash.

8. The United Kingdom Government have taken into account what military strength the Soviet Union possesses as a backing for her policy.

9. It is unlikely that before the end of the second post-war Five-Year Plan the Soviet Union will be capable of supporting her armed forces in a major war entirely from the natural resources and industrial potential now under her control. Nevertheless, if the Soviet Union wished to go to war and felt confident of attaining her primary objectives rapidly, economic considerations would not in themselves be enough to prevent her from doing so.

10. The Soviet armed forces, despite certain deficiencies, could embark on a land war at any time and would, at least in the early stages, have the advantage of numbers against any likely combination of opposing forces. But in any major war that started before 1956–60, the fact that Russia's industrial plan was not complete would, as hostilities continued, tend increasingly to counterbalance her advantage in terms of numbers. Moreover, the strategic air situation is, at least at present, unfavourable to the Soviet Union; her air striking force, although making great efforts towards technical parity with the Royal Air Force, is still comparatively backward. She could thus not yet count upon a reasonable degree of immunity for her centres of population and industry from serious air attack. Her future readiness to embark upon a major war is likely therefore to be conditioned by consideration of her own air power in relation to that of probable opponents.

11. Failing the early development of new weapons to a point which she believed would ensure her rapid victory, the Soviet Union's economic situation is likely to weigh heavily against her provoking a major war at any rate until the satisfactory completion of the second Five-Year Plan.

12. In the present world situation the United Kingdom Government have thought it necessary to pursue the following policy :—

(*a*) To devote all possible material resources to economic reconstruction in order to strengthen the position of the United Kingdom.

(*b*) To stimulate political resistance to the spread of Communism and to promote economic recovery in those countries threatened by it.

(*c*) Recognising that no one country can safely stand alone, to join with the United States and the countries of Western Europe and the Commonwealth in organising all possible deterrent forces, in building up effective defences, and in working out appropriate collective security arrangements in accordance with Article 51 of the United Nations Charter.

13. The United States through her geographic position is affected by the Soviet threat both in the West and in the East, and, because her political ideals are similar to those of the Commonwealth and Western European countries, close co-operation with her is obvious and natural. Western Europe is in a special position of danger, her nations are impoverished and, unless built up quickly, are in danger of being overcome by Communist infiltration. For her recovery and future security, a regional plan was both necessary and urgent, and the foundation for such a plan was laid by the Brussels Treaty. The United Kingdom Government have in this way reached the prerequisite political agreement with the Governments of the United States and of the countries of Western Europe to enable long-term and emergency military planning with these Governments to take place. It is very desirable, in the view of the United Kingdom Government, that, as this planning with the United States and the Western European countries proceeds, corresponding planning should take place within the Commonwealth.

14. The United Kingdom Government believe that no system of defence co-operation can work effectively unless there is continuous and close political co-operation between the Governments concerned, and unless there is agreement between those Governments as to the objects of the defence policy which is to be pursued. In their view it is only when the necessary agreement in the political field has been reached that planning can satisfactorily proceed and a coherent plan be devised. If, therefore, an adequate defence system is to be built up, which will enable the countries of the Commonwealth to live in security and exercise their rightful influence in world affairs and will lessen their dependence on any outside source, an essential preliminary will be the requisite degree of political agreement between the respective Commonwealth Governments on basic objectives of policy.

15. Once agreement has been reached in the political field it will then be possible, with the agreement of the Commonwealth Governments concerned, to allow the study of defence problems by the military staffs to proceed on a joint basis, whether globally or regionally as circumstances might necessitate, on the understanding that no country would be committed to accepting any particular solution that might emerge from the study until it had been accepted by the Government concerned.

16. The forthcoming Meeting would afford a suitable opportunity for a discussion of the problems dealt with in this memorandum and the United Kingdom Government would welcome an expression of the views of Commonwealth Ministers on these matters at the Meeting.

17. The foregoing paragraphs are an expression of the views of United Kingdom Ministers which it is desired to bring to the notice of other Commonwealth Ministers before the Commonwealth Meeting in October. A statement of the views of the United Kingdom Chiefs of Staff on the need for closer co-operation among Commonwealth countries in the field of defence is appended in order that Commonwealth Ministers may also be aware of their views.

Cabinet Office, S.W. 1,
23*rd September*, 1948.

35912

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224381

APPENDIX

COMMONWEALTH DEFENCE CO-OPERATION

MEMORANDUM BY THE CHIEFS OF STAFF

1. At the request of His Majesty's Government, the United Kingdom Chiefs of Staff have studied the fundamental principles which should guide defence policy in the situation described in the review contained in the covering memorandum. The Chiefs of Staff emphasise that the advent of weapons of mass destruction means that air attack has become much more devastating and might bring about a decisive issue in a short time. Nations with highly centralised industrial and man-power resources are now more vulnerable than ever. Methods of lessening this threat must therefore form a cardinal point of policy.

2. The primary aim of our defence policy must be to prevent war, provided our vital interests are not prejudiced.

(*a*) Essential steps to prevent war are—

(i) Tangible evidence that the Commonwealth countries and their Allies possess adequate forces and resources, which they are fully prepared to use, and that they are capable of taking immediate offensive action on a large scale.

(ii) Taking all possible means short of war, not only to arrest the further spread of Communism but also to weaken the hold of Russia over countries she now dominates.

(*b*) Essential measures required in peace to allow the Commonwealth countries to fight successfully in the event of war are—

(i) To prepare common strategic objectives and co-ordinated plans
(ii) To possess balanced armed forces ready for immediate use on the outbreak of war with the necessary resources to support them.
(iii) To maintain co-operation between all members of the Commonwealth in all aspects of defence.
(iv) To ensure the active and early support of the United States.
(v) To co-ordinate defence plans with the Western Union.
(vi) To maintain and increase Allied scientific and technical lead.

(*c*) If war should occur, the aim should be in co-operation with all Allies to—

(i) Secure the integrity of the Commonwealth countries.
(ii) Mount a strategic air offensive.
(iii) Hold the enemy as far east as possible in Western Europe.
(iv) Maintain a firm hold on the Middle East.
(v) Control essential sea communications.

3. The analysis of defence policy in paragraph 2 shows that defence co-operation and the organisation required for it are of paramount importance in peace-time. The prerequisite political agreement and the means of maintaining close political consultation have been established with the United States and with the Western Union. Consequently defence co-operation with them is effective through the medium of the Combined Chiefs of Staff and the Western Union Chiefs of Staff.

4. To improve Commonwealth co-operation in the field of defence, the Prime Ministers' Meeting of May 1946 agreed to establish a liaison organisation on the model of the system in existence between the United Kingdom and the United States. This system was intended to provide a method of co-ordination based on the national defence organisations of the Commonwealth countries, to assist in the direction of war so that it could be carried out from anywhere in the Commonwealth, and to be sufficiently flexible to cope with the varying outlooks and resources of the different countries of the Commonwealth. It is, however, clear that Commonwealth Defence Liaison requires further development to make it fully effective and it is a matter for consideration how this can be done.

C224382

5. The work done by the Combined Chiefs of Staff and the Western Union Chiefs of Staff shows that there are two main aspects of defence co-operation, namely :—

(*a*) The co-ordination of general issues affecting all Allies, *e.g.*, the fundamental objectives of defence policy and strategy, the utilisation of resources, dispersal, &c.
(*b*) The planning of action in the various regions.

6. Before regional planning can take place or be put effectively into practice, it is necessary to reach agreement amongst all members of the Allies on the fundamental principles of a policy and strategy. The allocation of resources, standardisation of equipment, war production, dispersal, and defence science and research must also be kept under constant review.

7. If agreement can be reached on a closer measure of defence co-operation within the Commonwealth, initial joint studies on the following general subjects might be carried out for submission to individual Commonwealth Governments :—

(*a*) The basic objectives of defence policy and general strategy.
(*b*) A distribution of effort by devising regions of strategic responsibility.
(*c*) General outline plans to meet immediate and long-term dangers.

8. The general studies suggested in paragraph 7 would concern all members of the Commonwealth, but, where it is necessary to prepare plans involving the provision of forces or the undertaking of commitments, co-operation can only be on a regional basis. Thus, Canada is primarily interested in the defence of the American continent and in the northern Atlantic and Pacific approaches; Australia and New Zealand in the Pacific and in the Mediterranean and Indian Ocean sea communications; South Africa in the Mediterranean, South Atlantic and Indian Ocean sea communications; and India, Pakistan and Ceylon in the Middle East and the sea and land approaches to the Indian continent. Accordingly, where defence co-operation is required to cover the preparations for defence and action by force in any particular region, it is natural that the countries who consult together will only be those who have a special interest in that region.

Conclusions

9. The United Kingdom Chiefs of Staff therefore conclude that to provide closer defence co-operation within the Commonwealth it will be necessary—

(i) To maintain the closest political co-operation to provide the policy foundation on which defence co-operation can become effective.
(ii) To obtain political authority for the preparation of plans to cover the subjects in paragraphs 7 and 8, and to allow freedom of consultation on the official level in the preparation of these plans on the clear understanding that no country can be committed to any course of action until that country has endorsed it by governmental approval.

If political authority is forthcoming—

(iii) Discussion of the general issues mentioned in paragraph 7 could probably be undertaken by a slight adjustment to the present Service Liaison Staffs.
(iv) The preparation of regional plans could be undertaken without any alteration to the present methods of consultation. It would, however, be necessary for such planning to be carried out by planning staffs in the closest touch with the views of their own Defence Organisations, and exchanges of visits between planning staffs would probably be necessary.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

CONFIDENTIAL

224383

P.M.M. (48) 2
7th October, 1948

2

MEETING OF PRIME MINISTERS

EUROPEAN ECONOMIC CO-OPERATION: UNITED KINGDOM LONG-TERM PROGRAMME

NOTE BY THE SECRETARIES

WE circulate herewith the long-term economic programme submitted by the United Kingdom Government to the Organisation for European Economic Co-operation on 1st October, 1948.

(Signed) NORMAN BROOK.
J. G. LAITHWAITE.

Cabinet Office, S.W. 1,
7th October, 1948.

35969

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

224384

CONFIDENTIAL

THE LONG-TERM PROGRAMME OF THE UNITED KINGDOM

Material submitted by the United Kingdom to the Organisation for European Economic Co-operation in accordance with the request contained in Council paper C (48) 122 (Final)

London

30th September, 1948

35913

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224385

CONTENTS

Chapter I.—Introductory

		Paragraph
(1)	General Objectives	1–7
(2)	The Problem before the United Kingdom	8–12
(3)	Nature of the Solution Proposed	13–25
(4)	Progress since 1947	26–28

Chapter II.—General Policies

(1)	Promotion of Understanding and Common Effort	30–32
(2)	Fiscal Policy	33–37
(3)	Personal Incomes	38
(4)	Manpower	39–40
(5)	Immigration and Emigration	41
(6)	Productivity	42–50
(7)	Controls over Home Production and Consumption	51–54
(8)	The Strength of Sterling	55–56
(9)	Export Policy	57–59
(10)	Import Policy	60–61
(11)	The Objective of Multilateralism	62–64
(12)	The Expansion of International Trade	65–67
(13)	International Co-operation	68

Chapter III.—Major Industrial Plans

(1)	Agriculture	70–79
(2)	Coal	80–88
(3)	Oil	89–95
(4)	Iron and Steel	96–106
(5)	Engineering	107–113
(6)	Chemicals	114–120
(7)	Textiles	121–130
(8)	Shipping	131–139
(9)	Tourism	140–150

Chapter IV.—Investment in the United Kingdom 151–170

Chapter V.—Development of Overseas Territories 171–191

Chapter VI.—Estimate of the Balance of Payments in 1952–53

(1)	Introductory	192–193
(2)	Overseas Earnings	194–197
(3)	Overseas Expenditure	198–201
(4)	The Pattern of International Payments	202–215

Chapter VII.—Conclusions

(1)	The Scale and Consequences of the United Kingdom's Programme	216–220
(2)	The Role of External Assistance	221–223
(3)	The Importance of International Co-operation	224–229

C224386

CHAPTER I.—INTRODUCTORY

(1) THE GENERAL OBJECTIVES

It is the purpose of this Long-Term Programme to describe in some detail the policies which the United Kingdom proposes to follow in order to "achieve and maintain a satisfactory level of economic activity without extraordinary outside assistance" by 1952–53. Alone and unaided the United Kingdom could not succeed in this endeavour; strengthened by its close contacts with the other members of the Commonwealth, in co-operation with the other participating countries of Western Europe and aided by the generous assistance afforded by the United States under the European Recovery Programme, it is confident of success. As means to this end, the United Kingdom has undertaken in common with the other participating countries to make the fullest use of productive resources, to increase production, to develop and modernise industrial and agricultural equipment, to maintain the stability of its economy, to expand trade and to join in measures to reduce the barriers obstructing it.

2. The Government must give a clear guide as to the direction and intensity of the sustained and strenuous efforts which will be needed to reach these objectives. In present conditions, the quasi-automatic operation of economic forces could not produce the right results or produce them without immense social upheaval. But large-scale and long-term economic planning in time of peace is a novel field for Government initiative in democratic communities. Moreover, it must never be overlooked that for a democracy economic planning is a means to an end and not an end in itself.

3. Economic planning in the United Kingdom is based upon three fundamental facts: the economic fact that the United Kingdom economy must be heavily dependent upon international trade; the political fact that it is and intends to remain a democratic nation with a high degree of individual liberty; and the administrative fact that no economic planning body can be aware (or indeed ever could be aware) of more than the very general trends of future economic developments. Many of the assumptions about the future on which plans must be based are profoundly uncertain and many economic events are wholly outside the control of any one nation; many can only be partially influenced by international agreements, and those such as the effect of weather on the crops are beyond human control. Even in purely domestic economic matters the means of control which can be effectively used within a democracy are limited. Underlying economic uncertainties there is the factor of political stability in the world at large.

4. It is nevertheless essential to prepare long-term forward programmes in those fields of economic activity in which substantial changes will have to be made if the United Kingdom is to overcome those difficulties which lie within its own power, and to play its full share in the combined task before the O.E.E.C. countries as a whole. To follow any other course would be to jeopardise all hope of recovery. But the uncertainty which necessarily attends the future makes it essential that many of the long-term plans must be kept flexible. A persistent adherence to targets or timetables based on assumptions which have been falsified by events might well be as disastrous as leaving the whole matter to chance.

5. For a nation with an open economy like the United Kingdom, the assumptions and forecasts underlying long-term plans are largely assumptions and forecasts about events overseas and these plans cannot be effectively prepared in isolation in its own capital. They need to be formulated and kept under review in collaboration with countries overseas, and especially, in this case, with the other parts of the Commonwealth, with the countries of O.E.E.C., and with the United States. Such consultation will narrow the range of uncertainty about future developments and thus enable the plans to be made more precise and realistic. Still more, it will allow both the plans of the United Kingdom and the plans of other nations to be modified by agreement to mutual advantage. The benefits of a world-wide division of labour must be secured. Until these possibilities are explored, the plans must remain provisional.

6. Finally, recovery must not be bought at the price of arbitrary and excessive interference with the rights of the individual. The United Kingdom

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

intends to make resolute use of its traditional techniques of financial policy and of the direct public control of certain basic industries. A large measure of control will have to be retained over imports, over the total amount of home consumption, and over the scale and composition of investment. But powers of prohibition and compulsion, though they must be used to set limits to economic freedom, must not be allowed except in very special circumstances to infringe the personal freedom of the individual. The execution, as well as the preparation, of plans must be based upon the willing co-operation and understanding of the general public.

7. For the United Kingdom, therefore, a long-term plan can be no more and no less than a statement of economic strategy. It will not attempt to be a complete and rigid set of instructions for several years ahead. Certain of its parts will be worked out in detail, but its main purpose will be to provide the framework within which more precise short-term plans can subsequently be worked out. The practice of preparing annual programmes has already been established in the United Kingdom and this system has been adapted to the needs and opportunities of the European Recovery Programme in the programmes submitted for 1948–49 and 1949–50. These annual programmes are the necessary instruments with which the broad stategic plans contained in the Long-Term Programme will be given precise content. The United Kingdom hopes, therefore, that the joint discussion and revision of this draft of its Long-Term Programme, side by side with the programmes of the other countries of O.E.E.C., will result in a joint programme and a set of national programmes that will be clear and effective guides in the preparation of the detailed plans in the coming years.

(2) THE PROBLEM BEFORE THE UNITED KINGDOM

8. The crucial immediate problem for the United Kingdom, as for all member nations of the O.E.E.C., is the balance of payments. In some respects, however, the United Kingdom's problem differs from that which faces Europe as a whole.

9. For Europe as a whole in 1947 imports had increased and exports decreased by comparison with 1938; net incomes from shipping and investment had fallen and the world rise in prices had enormously enhanced the monetary measure of the increased deficit. These changes were accompanied by very large structural changes in the pattern of intra-European trade and payments.

10. By contrast the United Kingdom by 1947 had already increased the volume of visible exports to 9 per cent. above 1938; and visible imports were kept 20–25 per cent. below the 1938 level, despite the greatly increased volume of employment and output. Though the terms of trade were 15 per cent. worse than in 1938—in contrast with the experience of most other O.E.E.C. countries—the proceeds of exports paid for a far greater proportion of imports than in 1938. This was a great achievement; but it was more than offset by the loss of investment revenue, and by the increase in necessary Government overseas expenditure caused by the aftermath of war. The result was a current deficit of £630 million in 1947 compared with only some £70 million in 1938. The figures are summarised in the following Table :—

	(*£ million at current prices*)	
	1938	*1947*
Total Payments for Imports (f.o.b.) ...	835	1,540
Receipts for Exports and Re-exports	533	1,102
Deficit on Visible Trade	−302	−438
Invisibles (Net)	+232	−192
Total Deficit	− 70	−630

11. The deficit in 1947 was due wholly to a deficit with the Western Hemisphere of £670 million ($2,700 million); with the remainder of the world the United Kingdom had, in fact, a small surplus. In 1947 by far the gravest problem was therefore the dollar problem.

12. In 1947 the gold and dollar reserves of the sterling area (including the expenditure of loan resources) were subject to a net drain of $4,100 million, of which over $800 million was on account of the rest of the sterling area. These reserves are, of course, the reserves of the sterling area as a whole. Very

large reductions have already been made in this outflow during 1948; in the first half of the year the net outflow was at an annual rate of little over $2,000 million, half that of 1947.

(3) NATURE OF THE SOLUTION PROPOSED

13. The task before the United Kingdom for the next four years, as for the other participating countries, is to close the gap in the balance of payments and to overcome the shortages of essential commodities which were experienced even when expenditure on imports exceeded overseas income by so large a margin. A wide variety of policies must work together to this end.

14. Total home production must be increased. This requires steady increases in productivity and the maintenance of stable financial conditions. Exports must be expanded, and the proportion of imports coming from non-dollar sources must be increased. The general policies which it is intended to follow on these matters are set out in Chapter II.

15. A number of particular industries have especially important parts to play. These are described in Chapter III.

16. A large home investment programme and a careful control of its composition are clearly of great importance. This is discussed in Chapter IV, while Chapter V deals with investment in overseas territories.

17. If these policies are carried through successfully and are accompanied by the development of international collaboration on the one hand and on the other by the continuance of external aid on an adequate scale, it is believed that the objective of stable and satisfactory economic conditions independent of outside aid can be achieved in the United Kingdom in 1952–53. Chapter VI sets out estimates of the balance of payments that might be reached and indicates some of the problems associated with it.

18. In Chapter VII the consequences of the policies and programmes set out in Chapters II–VI to the levels of activity and consumption in 1952–53 are briefly described. Finally, this Chapter emphasises the vital parts which external assistance and international collaboration must play in the development and execution of this programme.

19. Before commencing the full exposition it may be convenient to summarise at the outset certain essential features of these policies.

20. This Programme pays full regard to the obligations entered into under the Convention for European Economic Co-operation signed in Paris on 16th April, 1948, and the Economic Co-operation Agreement with the United States Government signed in London on 6th July, 1948. It is submitted to the Organisation for European Economic Co-operation as a contribution towards the preparation of a joint recovery programme.

21. It has been prepared on the assumption that the obligations of the European Convention will be continuously and progressively implemented during the period to 1952, and that the co-operation thus achieved will continue to bear fruit in later years. The results it is hoped to achieve would be impossible without the continuance of external assistance during the period of recovery and without the closest co-operation with the participating countries and with the other countries of the British Commonwealth.

22. A major objective of the United Kingdom's programme is the maintenance of sterling as an international currency : this in itself is a positive contribution to international economic stability. In order to secure this objective the maintenance of the sterling area gold and dollar reserves is essential.

23. The policies and programmes described are designed to solve both the general balance of payments problem and within this the particular problem of the balance with the Western Hemisphere. The solution of the former is seen to lie much more in the continued increase of overseas earnings than in a reduction of overseas payments. Thus exports in 1952–3 are estimated at 150 per cent. of the volume of 1938, and 38 per cent. above the level achieved in 1947. A very great improvement is also sought in the balance of invisible payments, including under this term earnings from oil. Net invisible earnings are estimated to yield in 1952–53 over $1,000 million against some $950 million, at the present exchange rate in 1938, and a deficit in 1947 of nearly $800 million. Aggregate imports, after allowing for a measure of overseas investment, are expected to

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

remain at around the level now programmed for 1948–9, somewhat above the 1947 level, but still significantly less than pre-war.

24. The programme shows a potential solution of the Western Hemisphere payments problem along the following lines. Starting from the huge deficit of $2,700 million in 1947, it shows a gain in net invisibles of some $600 million, largely due to shipping, oil and tourism. It allows for an expansion of export earnings of $800 million, an increase of some 120 per cent. above the 1947 level, and a reduction of imports of $1,000 million. Even these large changes will still leave some $300 million to be covered by gold or dollar earnings from the rest of the sterling area. These increases in exports and invisibles presuppose an immense effort, and it should be made quite clear that the reduction in imports from the 1947 level is in no way conceived as desirable in itself. This reduction, much of which has already taken place, is in the main a return towards the traditional distribution of imports from the distorted pattern of 1947 when the United Kingdom, in common with other European countries, was abnormally dependent on supplies from the Western Hemisphere. On present evidence it is not now thought realistic to estimate direct earnings of Western Hemisphere currencies at a higher figure than here shown, or to rely upon earning more gold and dollars by trade with the rest of the world. If in the event it proves possible to increase these earnings further, the Western Hemisphere import programme can be readily increased to the advantage of the United Kingdom economy and without modification to other plans.

25. The eventual balance of payments shown is consistent with levels of production and consumption substantially higher than the present. This is due not so much to the increase in imports over 1947, as to the fact that home production is planned to increase by more than is needed to provide the additional exports. The expansion of home agriculture will enable the level of food consumption to rise considerably above that of 1948–49. Manufacturing output, supported by the increased output of steel and by provision in the import programme of a higher scale of raw material supplies, can be about 25 per cent. above 1947, and the supply of capital equipment to industry about 15 per cent. above.

(4) PROGRESS SINCE 1947

26. The attainment of such levels clearly calls for a sustained effort from the British people. But the substantial progress achieved during the first half of 1948 is solid evidence that it will be forthcoming.

27. The improvement in the balance of payments has been striking. The following table compares the provisional estimate of the balance in the first half of 1948 (expressed as an annual rate) with the figures for 1947 and the estimates for 1952–53 given in Chapter VI :—

UNITED KINGDOM BALANCE OF PAYMENTS ON CURRENT ACCOUNT

(A) *With all Areas*

	1947 (*Current Prices*)	1948 (*Annual rate*) *January–June* (*Current Prices*)	($ *million*) 1952–53 (*Programme Prices*)
Total payments for Imports	6,206	7,150	8,030
Receipts from Exports and Re-exports ...	4,441	5,892	7,377
Deficit on Visible Trade	− 1,765	− 1,258	− 653
Invisibles (Net)	− 774	+ 130	+ 1,053
Balance on Current Account	− 2,539	− 1,128	+ 400

(B) *With Western Hemisphere*

Total payments for Imports	2,885	2,370	1,888
Receipts from Exports and Re-exports ...	661	944	1,455
Deficit on Visible Trade	− 2,224	− 1,426	− 433
Invisibles (Net)	− 476	− 146	+ 142
Balance on Current Account	− 2,748	− 1,572	− 291

Moreover, as already stated, the net drain on gold and dollar resources in the first half of 1948 was at a rate only half of that ruling in 1947.

28. Similar progress has been made with home production. The index of industrial production for the second quarter of 1948 stood at 13 per cent. above the average of 1947. During the same three months, coal production averaged 9 per cent. above the same quarter last year. In the first six months of 1948 steel production was at the annual rate of 15¼ million tons compared with a total output of 12¾ million tons in 1947. During the second quarter of 1948 cotton yarn output was nearly 20 per cent. above the average for 1947 and rayon yarn about 20 per cent. above. The total value of production of agricultural machinery in the second quarter of 1948 was $67 millions compared with a quarterly average in 1947 of $44 millions. There has been a marked expansion over last year in livestock numbers and in the amount of land under cultivation. Poultry flocks have increased by a fifth and the number of pigs by a third. The rate of exports in the second quarter of 1948 was already more than half-way between that of 1947 and the rate now expected to be maintained in 1952–53 and later years. The increases in the exports of engineering products and textiles are especially notable. Many other examples of steady progress could be given to illustrate the distance the United Kingdom has already gone along the road to recovery.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224391

CHAPTER II.—GENERAL POLICIES

29. In this chapter are described the policies of a general nature that the United Kingdom intends to adopt in order to guide the nation's effort in the economic field during the next four years. These general policies are fundamental to the success of the more detailed plans and programmes described in subsequent chapters.

(1) THE PROMOTION OF UNDERSTANDING AND COMMON EFFORT

30. The difficulties of the present economic position do not present themselves in an obvious form to the British public. Unemployment is barely noticeable; jobs are apparently secure; industry is finding it easy to earn profits; wages are relatively high; the necessities of life are more fairly distributed than ever before; and because they cannot buy many necessaries, many people have money which they can spend on things which they would otherwise regard almost as luxuries. A real and grave crisis in economic affairs seems remote and unreal. At the same time many workers have in the background of their minds the unemployment between the wars. This comes to the surface when the practical problems of changes in the structure of industry involve changes of employment, and, perhaps, the risk of unemployment in the transition.

31. For this reason it has been, ever since the end of the war, the policy of the United Kingdom Government to give the people at all times the fullest information about the realities of the economic situation, and to impress upon them the need for a high level of production. A large volume of statistics of current economic affairs is published monthly; and every year there is issued an Economic Survey in which immediate needs, prospects and policies are explained as fully and forcibly as possible. Modern techniques of publicity are used to explain and bring home the contents of these surveys, and generally to make known to the nation its fundamental economic problems and the policies necessary for their solution.

32. Techniques of joint consultation between Government, management and labour in the preparation and execution of plans have been widely developed. These are essential to the efficiency of democratic planning and to the promotion of a proper understanding of national problems. At the highest national level the Economic Planning Board, the National Joint Advisory Council and the National Production Advisory Council for Industry are particularly concerned with general policies. For particular industries the Departments concerned have their own machinery for consulting the management and trade union side of such industries at the national level. At the Regional level the Regional Boards for Industry (represented by their chairmen on the National Production Advisory Council for Industry) bring together the regional officers of Government Departments and the two sides of industry. The general purpose of all these consultative bodies is similar; they provide a regular means of consultation between Government, management and labour.

(2) FISCAL POLICY

33. The central principle which guides the financial policy of the United Kingdom was stated by the Chancellor of the Exchequer in opening his budget on 6th April, 1948, "Government expenditure and revenue ought not to be considered in isolation from their effects upon the general economic prospects of the country. . . . . The new task of the Chancellor of the Exchequer is not merely to balance the budget; it is a much wider one—to match our resources against our needs so that the main features of our economy may be worked out for the benefit of the community as a whole."

34. In order to make the fullest use of the available resources, the fiscal policy of the Government must be directed to the maintenance of a high level of employment. It became evident in the course of the year 1947 that a persisting inflationary pressure, originating in the necessities of financing a total war, was liable to impede the course of recovery. The pressure of home demand was competing with the needs of the export drive, both directly and through its tendency to drive up costs and prices. At the same time, an abnormal prosperity was being experienced by all industries, which hindered the best use of resources because of its effect upon the expansion of those industries whose products were most urgently needed from the national point of view. Both the supplementary budget

C224392

of November 1947 and the budget for the fiscal year 1948–49 were designed to correct this situation. In opening the 1948 budget, the Chancellor stated one of its principal objectives in the following words: "Sufficient purchasing power must be withheld by taxation and by voluntary saving to offset the purchasing power created by public expenditure and capital investment." Since the current level of voluntary savings was inadequate to finance the investment programme, the 1948 budget was designed to produce a surplus of revenue over current expenditure of £780 million (over 3 billion dollars), which was expected not only to meet the capital expenditure of the Government but to provide a further sum estimated at about £321 million (over $1\frac{1}{4}$ billion dollars) towards the total saving needed to offset private investment.

35. Thus the policy of public finance is to maintain full employment but to counter any inflationary pressure arising from a deficiency of voluntary saving in relation to the projected level of investment. The application of this policy is a matter of considerable delicacy and it is clearly impossible to forecast the particular form which will be taken by subsequent budgets. The investment policy described elsewhere in this programme, which plays a large part in the plans for recovery, is placing, and will place, a heavy strain on British resources, particularly in view of the objective to eliminate the present overseas deficit within the period of four years.

36. If a deficiency in demand became apparent, the policy of full employment would require an appropriate change in fiscal policy. To quote again from the 1948 budget speech "We must watch the situation carefully and be ready to detect the moment when the inflationary pressure vanishes and gives place to deflationary tendencies; if such a thing should happen, we must then make a rapid readjustment of our economic and financial policies."

37. Within this general framework the fiscal provisions should encourage the general increase in productivity which is looked for during the recovery period; while the system of indirect taxation and of subsidies contributes towards a general policy of price and wage stabilisation. To encourage productive effort the 1948 budget made considerable reductions in the burden of direct taxation on earned incomes and the rates paid on the lower ranges of income were reduced. The policy of food subsidies, which was designed to keep down the costs of essential foodstuffs and thus to support the general objective of costs stabilisation referred to in the following section, was continued. One of the problems of an inflationary situation is the difficulty of securing the redeployment of labour into the more essential but not always the more attractive industries, and the present fiscal policy, accompanied by the measures described below, is designed to assist this movement.

(3) POLICY IN RESPECT OF PERSONAL INCOMES

38. A general increase in the level of personal incomes unless matched by increased production would merely raise costs and prices, imperilling the drive for exports and imposing hardships on all those with fixed incomes. Ultimately a continued movement of this kind must bring economic ruin and social breakdown. All are agreed that it must be prevented. In the United Kingdom wages are determined by collective bargaining. These methods of free negotiation and agreement have had great success. In the last three years only 10 million days' work have been lost in industrial disputes compared with practically 150 million in the same period after the first world war. It is the Government's constant concern to assist the two sides of industry in developing their machinery for joint negotiation and the settlement of disputes. Owing to the awareness by both sides of industry of their responsibilities, movements of wages and prices have not been so rapid as to cause fears of a runaway inflation. The Government has, however, issued a statement setting out certain vital principles for the guidance of those responsible for determining the level of personal incomes from whatever source. The Government at the same time announced as its policy that when remuneration is increased in any class of employment there can be no presumption, whatever may have been the practice in the past, that the resulting costs will be taken into account in settling controlled prices, charges or margins, or other financial matters requiring Government action. Another problem which is being faced in the United Kingdom concerns traditional or customary relationships between personal incomes which tend to persist in spite of changed

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

conditions. The important industries now short of manpower have in the past been generally the worst paid, and there has been general approval of the movement which has greatly improved the relative earnings of coalminers, farm workers, textile workers and others in essential occupations.

(4) SPECIFIC MEASURES TO SECURE THE REDEPLOYMENT OF MANPOWER

39. Certain specific measures to secure the redeployment of manpower have also been adopted. Publicity has been used to dispel exaggerated beliefs about conditions in undermanned industries, and to explain the national importance of recruitment to them. In certain cases priority has been given to the building work required to modernise and improve working conditions and to the construction of new houses and hostels in areas where shortage of accommodation is an obstacle.

40. In 1947 certain direct controls were reintroduced. By one Order employers were required to engage their workers. and workers were required to take their jobs, through the machinery of the national employment service. By another, unoccupied persons of certain categories were required to register for employment. Both orders were supported by the use of the Minister of Labour's powers compulsorily to direct labour to specific employment. The great majority of workers, however, willingly accepted guidance into essential employment and direction has been used only in a very few cases when a worker has refused to take any form of essential work. The need for continuance of these direct controls is kept continually under review.

(5) IMMIGRATION AND EMIGRATION

41. Both to assist in recruitment for essential undermanned industries and also to make a contribution to the problem of displaced persons and of the mobility of European labour reserves, the United Kingdom has welcomed a substantial body of immigrants. Since the end of the war nearly 200,000 foreign workers have been settled here on a permanent basis. Some 70,000 of these were displaced persons, and indeed in this way the United Kingdom has afforded asylum for more displaced persons than any other country in the world. Many other immigrants who have settled permanently were at one time members of the Allied Forces, particularly Poles. In addition, permits for some 50,000 other foreign workers have been issued for employment on an individual basis. All workers so admitted have, of course, been employed at wages and on conditions not less favourable than those applicable to British workers. For the future, for any approved demands which cannot be met by British workers recourse will be had in accordance with existing policy to the recruitment of foreign workers, subject to adequate housing being available. As regards emigration, it is open to British subjects to leave the country as they wish and to move to any countries which are ready to receive them, though that movement is in fact hampered by lack of shipping facilities and by exchange limitations. In the case of schemes approved on economic and other grounds, the Government facilitates recruitment and movement of persons of the kind which the receiving country desires to secure.

(6) POLICIES RELATING TO PRODUCTIVITY

42. The labour force of the United Kingdom is now fully occupied and the numbers available for work may be somewhat less in five years' time. The proportion of the total population which is of working age is becoming smaller, while the average age of the working population is increasing. Increased productivity per head is therefore the only means of solving the present economic difficulties while maintaining and improving the standard of living.

43. Increased productivity partly depends on the maintenance and improvement of capital equipment, both building and machinery. This is recognised in the investment programmes discussed in Chapters III and IV but, as there explained, there are severe limitations on what can be done, and careful measures have therefore been adopted to put the available resources to the best uses, and so make good shortages of new equipment by the more efficient use of existing plant, *e.g.*, by improved layout and adaptation. Improvements in productivity also depend on an adequate flow of raw materials. In regulating import programmes care has to be taken to see that this is not checked by avoidable shortages of imported supplies.

44. In addition research has an important part to play. The contribution of the State to industrial research has been greatly increased, directly through the research establishments administered by the Department of Scientific and Industrial Research and indirectly through Industrial Research Associations fostered and financially assisted by the Department, of which there are now thirty-six. Much of the work of these bodies will only bear fruit after a long interval; but they are being encouraged to concentrate on the solution of immediate problems and on the widest and most prompt dissemination of their findings. There is also being set up a National Research and Development Corporation, financed from public funds, to take over inventions from Government Research Stations and universities, develop them to the stage at which they are commercially useful and license them out to industry. The Corporation will also take up private inventions of public interest which would otherwise fail to be properly developed. These are steps undertaken by the State. The research expenditure of private industrial firms is equally important. It has recently been estimated that this expenditure is now ten times as great as it was before the War. The combination of intensive research with the traditional skills of British industry will ensure that United Kingdom products remain in the van of technical progress.

45. Most active efforts are being made to increase technical skills. There are to-day twice as many students in the scientific and technological faculties of the Universities as there were in 1938; there are more than twice as many in Technical Colleges. The number of young employees released in working hours for technical education has been quadrupled. The limitation on still further expansion is mainly one of premises; special attention is being given to this in the investment programme. A number of National Colleges for advanced technological education for particular industries are being established. The creation of apprenticeship schemes has the active support of the Ministry of Labour and the training of supervisory workers on the lines of the Training Within Industry Scheme introduced in the United States during the war has been promoted with considerable success. The Ministry of Labour also provides intensive courses in skilled crafts for adults needing this training.

46. The average level of effort, the intensity and length of work, and the adaptability of labour are greatly influenced by a better understanding of economic problems. Information policy seeks to secure this, while fiscal policy attempts to ensure that monetary incentives can operate effectively by maintaining a reasonable stability of prices and money values. Joint consultation between management and employees in industry, which is being developed with the encouragement and assistance of the Government, is also helping toward an effective productive effort.

47. Managements throughout the country are seeking to improve managerial efficiency. To encourage this process, the Government has financed the setting up of the British Institute of Management to collect and spread information on the best management practice, to undertake further research and to encourage education in this field. The research organisations already mentioned also have an important part to play. The object in all this work is especially to raise the level of the bad and the less good to that of the best.

48. This desire for greater productive efficiency must not be impeded by monopolistic practices. Recent legislation has made provision for a Monopolies and Restrictive Practices Commission to enquire into any industrial and commercial arrangements of a restrictive or monopolistic character which are referred to it by the Government. Power has been taken to deal by Order, subject to the approval of Parliament, with arrangements which are found to operate against the public interest.

49. In the whole matter of productivity valuable advice is expected to be obtained from the joint Anglo-American Council which is being set up by the two sides of industry, by British and American management and labour, to exchange information about their industrial experience.

50. There is clear evidence that the measures taken so far are meeting with a substantial response. It is broadly estimated that during the past two years the volume of physical output per worker in manufacturing industry has regained the pre-war level. An important contribution to this remarkable progress has, of course, been the maintenance of industrial peace to a much greater extent than might have been expected in this difficult period of readjustment or as compared with the experience in the corresponding period after the 1914–18 war.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

(7) CONTROLS OVER HOME PRODUCTION AND CONSUMPTION

51. Many types of food, fuel and clothing are at present rationed and the Government controls the prices of nearly all foodstuffs and consumer goods and of many raw materials and semi-manufactured goods as well as the charges for some services. These consumer rationing schemes are necessary to-day to secure " fair shares " of essential goods in short supply and to moderate inflationary forces. More directly affecting specific production plans, both in industry and agriculture, are licensing controls over production and allocation or rationing schemes for materials. In the past these have, in conjunction with price controls over certain materials and semi-manufactured goods, served the same anti-inflationary purposes as consumption controls, and they have moderated the severe dislocations that maldistribution and scarce supplies would have caused. They have, moreover, immensely helped the export drive and the breaking of particular bottlenecks in home production, and secured the devotion of productive resources to the most essential purposes.

52. All these rationing schemes are costly in money and in manpower to administer but the possibility of bringing them to an end depends upon a variety of factors, such, for instance, as the balance between demand and supply, the need to secure fair shares of essentials, and, in the case of food, the securing of proper nutritional standards. It cannot be entirely a coincidence that despite the strain of war and the limitation of supplies of many valuable foodstuffs in the last few years, the general health of the British population has continued to improve, as may particularly be seen from the trend of the infant and maternal mortality rates.

53. Controls over production, however exercised, undoubtedly restrain initiative and enterprise. They are being simplified wherever possible. They are means to an end, not ends in themselves, and will be abolished as soon as their advantages appear to be outweighed by their disadvantages. But they will be retained so long as they are needed to implement production plans and in some cases it is unlikely that they can be relaxed for several years.

54. For the future, food rationing will have to be continued as long as is necessary to secure the allied objectives of fair shares and nutritional standards. Other rationing schemes for essential consumer goods can be removed as demand and supply come more into balance.

(8) THE STRENGTH OF STERLING

55. The external economic policies of the United Kingdom to which the remainder of this Chapter is devoted have as their primary objective the attainment of a stable balance of payments. The governing principle behind them is that the sterling area gold and dollar reserves must be maintained throughout the period of the economic recovery programme, and that in consequence expenditure of gold and dollars must be limited to the amount of gold and dollars earned together with the amount of external aid received.

56. The whole of the United Kingdom's balance of payments policy thus rests on the maintenance and strengthening of sterling as an international currency. Not only is this vital to the immediate interests of the United Kingdom; it is equally important to the other members of the sterling area and to all other countries which conduct much of their trade in sterling. This policy is itself a positive contribution to international economic stability.

(9) EXPORT POLICY

57. Among policies dealing directly with the problem of the overseas deficit, the expansion of exports takes first place. But it is obvious that it is impossible to " plan " to sell a given volume of exports in any given period since a willingness abroad to buy is as important as the United Kingdom's capacity to supply. A number of domestic policies are directed to ensuring that, wherever possible, ample supplies are available for export. The Government has established the practice of laying down each year, in consultation with each industry, a series of export targets, and has appealed to industry, with very considerable success, to co-operate in reaching them as a matter of national endeavour. Supporting this voluntary effort, general fiscal measures help to prevent the pressure of home demand from restricting export supplies and to secure that production for export is at least as profitable as production for the home market. So long as physical controls over

raw materials and production are available, they provide a further means of seeing that production for export is kept at the highest possible level.

58. The means open to Government of directing exports to particular markets are necessarily limited. The growth of British exports rests on innumerable separate transactions. The building of a connection for a steady trade in any individual market is slow and costly and it is rarely possible to switch selling effort quickly from one line or market to another. The policy of the Government has, therefore, been to indicate in broad terms the markets to which it attaches most importance. Special emphasis has been laid on sales to the Western Hemisphere, and assistance is given to manufacturers seeking to promote such exports. These efforts will, however, be fruitless unless exporters are given the opportunity to enter these markets.

59. As already pointed out, neither these nor any other export policies can guarantee a given expansion of exports. Planning cannot be based upon an ideal figure: it must work on a realistic assessment of probable trends. In the provisional estimates of the overseas balance in 1952–53 given in Chapter VI, the volume of exports of 150 per cent. of 1938 has, for reasons there stated, been taken as such a realistic assessment. But it is in no sense a maximum and policy will be adapted to achieve a higher level if sales opportunities allow.

(10) IMPORT POLICY

60. The nature of British imports, which are mainly primary products, is such that planning measures can be applied so far as this is necessary. Despite the utmost exertions in the export field, the volume of imports is bound to remain below the pre-war level well beyond 1952–53, and Government control over imports is expected to be required in 1952–53 and for some years thereafter.

61. In addition to the need to keep imports down to a total consistent with its overseas earnings, the United Kingdom is compelled to pay careful regard to the sources from which it secures these imports. The achievement of a stable balance of payments requires, according to any realistic analysis of possible world economic trends, a change in the distribution of imports from the acutely distorted pattern of 1947. In particular, as is explained in more detail in Chapter VI, imports from the Western Hemisphere in 1952–53 seems likely to be some 17½ per cent. below the planned level for 1948–49, which is in turn below the 1947 level. This contraction, which is a matter of necessity and not choice, involves a considerable change in the source of supply of a number of commodities. In the majority of cases the increased production in the sterling area is being achieved by private capital in the ordinary course of business. Special Governmental arrangements are, however, made, especially as regards food supplies, and these often take the form of long-term contracts to give assurance to the producer of a market for his crop. Developments in the associated overseas territories are described in Chapter V.

(11) THE OBJECTIVE OF MULTILATERALISM

62. The prospective position of the United Kingdom in 1952–53, as set out in Chapter VI, underlines the importance of working for the application of multilateral principles of trade and finance over increasingly wide areas. The United Kingdom's balance of payments policy is designed to encourage movement as fast as possible in this direction. The impossibility of maintaining the convertibility of sterling which was attempted in 1947 made it necessary to embark upon a system of bilateral agreements in order to secure the continuance of as large a volume of international trade as possible. But these agreements have been expressly directed to expand trade by allowing each party to use its purchasing power in the other country in the way that suits it best and thus to maintain the exporter's confidence in the continuance of his market and to counter any danger of a downward spiral in international trade. Throughout the difficult post-war period the United Kingdom has remained the centre of the largest multilateral trading system in the world—the sterling area—and has sought, wherever possible, to extend the field of uses to which sterling can be put. During the E.R.P. period the United Kingdom will seek progressively to widen the scope of multilateral trade and payments agreements. It has already taken its full share in the formulation of the new Intra-European Payments Scheme.

63. In considering the long-term O.E.E.C. programme, the United Kingdom would, therefore, deprecate attempts to work towards complete bilateral balance even between broad geographical groups. On present calculations, it

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C22[illegible]97

seems likely that the sterling area as a whole will tend to be in surplus with the other participating countries. It is not expected that in the early 'fifties the other participating countries will in general be able to finance such a surplus in dollars or gold, and so contribute to meeting the United Kingdom's dollar deficit. But it is thought possible that part of this surplus could be matched against the sterling area's deficit with certain other non-participating countries in the Middle East, in Eastern Europe and in South America. For example if the sterling area were in deficit with Brazil, and if France had a surplus with Brazil and a deficit with the sterling area of the same amount, it would be possible to clear these deficits against one another provided that appropriate payments arrangements existed. The development of multilateral payments arrangements between the participating countries and their monetary areas should not be allowed to develop in any way which would prejudice the matching of surpluses and deficits over a much wider field.

64. How fast the United Kingdom will be able to modify its own trading and financial policies in the direction of a more complete multilateralism depends upon a number of factors outside its control. No multilateral system can work while large disequilibria exist in important trading countries' balances of payments either in the creditor or debtor sense. The necessary structural changes have to be made in each country's pattern of production, consumption and trade before a sound multilateral system can be firmly established.

(12) THE EXPANSION OF INTERNATIONAL TRADE

65. Subject to the overriding objective of achieving a balance of payments, it is the policy of the United Kingdom to expand the total volume of international trade to take the fullest advantage of the international division of labour. To this end it has participated in international negotiations designed to reduce the obstacles to the free interchange of world production and services.

66. As regards the obligations assumed by signatories under Article 6 of the Convention, the Government of the United Kingdom, by their provisional application from 1st January, 1948, of the commitments under the General Agreement on Tariffs and Trade for the reduction or elimination of a number of tariffs and preferences, have already taken practical steps towards the fulfilment of the objectives both of the Convention and of the Havana Charter as is recognised by Article 17 (3) of the latter document. They are continuing as Contracting Parties to the General Agreement to co-operate with other countries in discussions directed to the expansion of international trade on a multilateral basis. The United Kingdom will take part in the further tariff negotiations to be held next April with the object of bringing a number of additional countries within the scope of the General Agreement.

67. The shipping policy of the United Kingdom has been directed to the removal of all obstacles to the free international circulation of shipping. In particular, the United Kingdom has been active in the promotion of the Convention for the setting up of the Inter-Governmental Maritime Consultative Organisation, one of the objectives of which is to "encourage the removal of discriminatory action and unnecessary restrictions by Governments affecting shipping engaged in international trade so as to promote the availability of shipping services to the commerce of the world without discrimination."

(13) INTERNATIONAL CO-OPERATION

68. The external policies described in the preceeding five sections will require for their successful fulfilment a very large measure of international co-operation with the other participating countries and the other countries of the British Commonwealth in all matters affecting overseas trade and economic affairs. In particular they imply a continuous observance of the principles laid down in the Convention for European Economic Co-operation and the Economic Co-operation Agreement with the United States Government. As part of this co-operative endeavour the United Kingdom attaches special importance to the studies of the "fields of activity" which are being undertaken by the O.E.E.C. in order to expand the production of essential supplies by, or in collaboration with, the participating countries. It is hoped that other projects likely to offer prospects for successful co-operation will suggest themselves when the national programmes are jointly examined in Paris. The United Kingdom will play its full part both in the exploratory work and in implementing any agreed projects that may emerge.

C224398

CHAPTER III.—MAJOR INDUSTRIAL PLANS

69. This chapter discusses the production policies of various industries which will have a large part to play in the economic recovery of the United Kingdom.

(1) AGRICULTURE

70. Before the war imports of food and feeding-stuffs accounted for 47 per cent. of total imports. Plans were announced in 1947 which sought to secure by 1952 an increase in the net value of annual agricultural output 15 per cent. above the wartime peak of 1943–44. This should yield in terms of calories for human consumption one-third more than before the war. In addition increased home output will save the equivalent of 4 million tons of imported feeding-stuffs. Production at this level would exceed the highest output hitherto known by the agricultural industry.

71. The production targets for the principal crops and livestock products for 1952–53 as compared with figures for earlier years are as follows :—

	'000 *metric tons*			
	1934–38 *Average*	1947–48 *Actual*	1948–49 *Programme*	1952–53 *Programme*
Bread grains	1,751	1,716	2,284	2,764
Coarse grains	2,876	4,585	5,277	5,644
Meat and bacon	1,485	885	958	1,468
Milk and milk products†	7,305*	7,974	8,039	8,974
Potatoes	4,951*	7,890	10,100	7,750
Sugar beet (roots)	2,785*	2,932	3,650	3,650

* 1936–39. † In terms of liquid milk.

Separate figures for production of the main livestock products may be summarised as follows :—

	1952–53 *as per cent. of* 1936–39
Milk	123
Beef and Veal	110
Mutton and Lamb	83
Pigmeat	92
Eggs	131

72. The acreage of wheat in 1951–52 has been set at $2\frac{3}{4}$ million acres. This is considered to be the highest that can be maintained as a permanent feature of British farming without an acute distortion of the general farming pattern and a loss of soil fertility. As the supply of alternative foods improves it is intended to reduce the area devoted to potatoes to approximately 50 per cent. above pre-war. Vigorous efforts are being made to extend the cultivation of linseed, a new crop which is of particular value as a source of cattle cake and of oil for industrial purposes.

73. The expansion of livestock production necessitates larger acreages under coarse grains and other fodder crops if dependence on imported feedingstuffs is to be reduced. Substantial improvements are being planned in grass production and grass drying. Special emphasis is being laid on ley farming as a means of maintaining the arable acreage and at the same time improving the yield of grass for feeding purposes. The planned increases in livestock production are very large by comparison with current levels of output, which reflect the shortage of feedingstuffs, the results of the wartime reduction of flocks and herds and, particularly in the case of sheep and lambs, the heavy loss in the hard winter of 1946–47.

74. The following specific measures for achieving the objectives may be mentioned :—

(*a*) *Provision of Farm Buildings.*—It is hoped to provide approximately $400 million of farm buildings in the next four years. These include steel Dutch barns and buildings to house grain-drying plant.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C221197

seems likely that the sterling area as a whole will tend to be in surplus with the other participating countries. It is not expected that in the early 'fifties the other participating countries will in general be able to finance such a surplus in dollars or gold, and so contribute to meeting the United Kingdom's dollar deficit. But it is thought possible that part of this surplus could be matched against the sterling area's deficit with certain other non-participating countries in the Middle East, in Eastern Europe and in South America. For example if the sterling area were in deficit with Brazil, and if France had a surplus with Brazil and a deficit with the sterling area of the same amount, it would be possible to clear these deficits against one another provided that appropriate payments arrangements existed. The development of multilateral payments arrangements between the participating countries and their monetary areas should not be allowed to develop in any way which would prejudice the matching of surpluses and deficits over a much wider field.

64. How fast the United Kingdom will be able to modify its own trading and financial policies in the direction of a more complete multilateralism depends upon a number of factors outside its control. No multilateral system can work while large disequilibria exist in important trading countries' balances of payments either in the creditor or debtor sense. The necessary structural changes have to be made in each country's pattern of production, consumption and trade before a sound multilateral system can be firmly established.

(12) THE EXPANSION OF INTERNATIONAL TRADE

65. Subject to the overriding objective of achieving a balance of payments, it is the policy of the United Kingdom to expand the total volume of international trade to take the fullest advantage of the international division of labour. To this end it has participated in international negotiations designed to reduce the obstacles to the free interchange of world production and services.

66. As regards the obligations assumed by signatories under Article 6 of the Convention, the Government of the United Kingdom, by their provisional application from 1st January, 1948, of the commitments under the General Agreement on Tariffs and Trade for the reduction or elimination of a number of tariffs and preferences, have already taken practical steps towards the fulfilment of the objectives both of the Convention and of the Havana Charter as is recognised by Article 17 (3) of the latter document. They are continuing as Contracting Parties to the General Agreement to co-operate with other countries in discussions directed to the expansion of international trade on a multilateral basis. The United Kingdom will take part in the further tariff negotiations to be held next April with the object of bringing a number of additional countries within the scope of the General Agreement.

67. The shipping policy of the United Kingdom has been directed to the removal of all obstacles to the free international circulation of shipping. In particular, the United Kingdom has been active in the promotion of the Convention for the setting up of the Inter-Governmental Maritime Consultative Organisation, one of the objectives of which is to "encourage the removal of discriminatory action and unnecessary restrictions by Governments affecting shipping engaged in international trade so as to promote the availability of shipping services to the commerce of the world without discrimination."

(13) INTERNATIONAL CO-OPERATION

68. The external policies described in the preceeding five sections will require for their successful fulfilment a very large measure of international co-operation with the other participating countries and the other countries of the British Commonwealth in all matters affecting overseas trade and economic affairs. In particular they imply a continuous observance of the principles laid down in the Convention for European Economic Co-operation and the Economic Co-operation Agreement with the United States Government. As part of this co-operative endeavour the United Kingdom attaches special importance to the studies of the "fields of activity" which are being undertaken by the O.E.E.C. in order to expand the production of essential supplies by, or in collaboration with, the participating countries. It is hoped that other projects likely to offer prospects for successful co-operation will suggest themselves when the national programmes are jointly examined in Paris. The United Kingdom will play its full part both in the exploratory work and in implementing any agreed projects that may emerge.

C224398

CHAPTER III.—MAJOR INDUSTRIAL PLANS

69. This chapter discusses the production policies of various industries which will have a large part to play in the economic recovery of the United Kingdom.

(1) AGRICULTURE

70. Before the war imports of food and feeding-stuffs accounted for 47 per cent. of total imports. Plans were announced in 1947 which sought to secure by 1952 an increase in the net value of annual agricultural output 15 per cent. above the wartime peak of 1943–44. This should yield in terms of calories for human consumption one-third more than before the war. In addition increased home output will save the equivalent of 4 million tons of imported feeding-stuffs. Production at this level would exceed the highest output hitherto known by the agricultural industry.

71. The production targets for the principal crops and livestock products for 1952–53 as compared with figures for earlier years are as follows:—

	'000 *metric tons*			
	1934–38 *Average*	1947–48 *Actual*	1948–49 *Programme*	1952–53 *Programme*
Bread grains	1,751	1,716	2,284	2,764
Coarse grains	2,876	4,585	5,277	5,644
Meat and bacon	1,485	885	958	1,468
Milk and milk products†	7,305*	7,974	8,039	8,974
Potatoes	4,951*	7,890	10,100	7,750
Sugar beet (roots)	2,785*	2,932	3,650	3,650

* 1936–39. † In terms of liquid milk.

Separate figures for production of the main livestock products may be summarised as follows:—

	1952–53 *as per cent. of* 1936–39
Milk	123
Beef and Veal	110
Mutton and Lamb	83
Pigmeat	92
Eggs	131

72. The acreage of wheat in 1951–52 has been set at $2\frac{3}{4}$ million acres. This is considered to be the highest that can be maintained as a permanent feature of British farming without an acute distortion of the general farming pattern and a loss of soil fertility. As the supply of alternative foods improves it is intended to reduce the area devoted to potatoes to approximately 50 per cent. above pre-war. Vigorous efforts are being made to extend the cultivation of linseed, a new crop which is of particular value as a source of cattle cake and of oil for industrial purposes.

73. The expansion of livestock production necessitates larger acreages under coarse grains and other fodder crops if dependence on imported feedingstuffs is to be reduced. Substantial improvements are being planned in grass production and grass drying. Special emphasis is being laid on ley farming as a means of maintaining the arable acreage and at the same time improving the yield of grass for feeding purposes. The planned increases in livestock production are very large by comparison with current levels of output, which reflect the shortage of feedingstuffs, the results of the wartime reduction of flocks and herds and, particularly in the case of sheep and lambs, the heavy loss in the hard winter of 1946–47.

74. The following specific measures for achieving the objectives may be mentioned:—

(*a*) *Provision of Farm Buildings.*—It is hoped to provide approximately $400 million of farm buildings in the next four years. These include steel Dutch barns and buildings to house grain-drying plant.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C 224399

(*b*) *Provision of Machinery.*—Rapid progress has been made over recent years in the mechanisation of United Kingdom agriculture, and it is now one of the most highly mechanised in the world. The number of tractors of all kinds in use has risen from some 50,000 in 1939 to over 250,000 to-day and big developments have taken place in the employment of other implements. Over the next four years farms will require replacements and new machinery at the rate of $200 million a year. The total tractor strength will be maintained at about 275,000 to 300,000, the increase over mid-1948 being mainly in the number of heavy types, including crawlers; the number of combine harvesters will rise from 6,500 to at least 11,000, which is the figure planned for 1950, and grass driers from 400 to at least 1,500 The United Kingdom already supplies most of her own requirements of agricultural machinery and has developed a substantial and expanding export trade which is of increasing assistance to other participating countries and to world food production generally. Research workers are examining the problems of agricultural mechanisation, including the standardisation of machinery.

(*c*) *Fertilisers.*—The quantity used in 1947–48 was more than double that used before the war, but consumption will need to be further increased by at least one-fifth if the expansion programme is to be carried out. Despite the fact that this year more fertilisers have been produced in the United Kingdom than ever before, the country is still dependent upon imports. For example, all supplies of potash and phosphate rock have to be imported.

(*d*) *Maintenance and Improvement of Land Drainage and Water Supplies.*—By 1952–53 $60 million will have been spent on improving main arterial water courses. About 2½ million acres of land will be improved by the clearance of farm ditches and field drainage during the next four years at a cost of $36 million. About $32 million will be spent on providing piped water supplies to farms. Between 1 and 1½ million acres will benefit.

(*e*) *Feedingstuffs.*—Imports of feedingstuffs included in the programme for 1952–53 though more than at present, will still be below the pre-war level. The increased production of feedingstuffs at home is therefore vital to the expansion in livestock. Subject to the maximum practicable production of bread grains, farmers are at present allowed to grow fodder crops, *e.g.*, oats, mixed corn, and to retain these crops for feeding to their own stock; they may also retain strictly limited quantities of wheat, rye and barley. There is strict control of distribution and methods of utilisation both of bread grains and of animal feedingstuffs, and virtually all the feedingstuffs imported, manufactured within the country, or sold off farms are distributed through the feedingstuffs rationing scheme. Quantities of grain of their own growing retained by farmers are taken into account in the allocation of feedingstuffs rations to them. As stated in paragraphs 47–51, controls must be continued for some considerable time, but may need to be modified to conform with the increased home production of fodder crops and with the changes in imports of feedingstuffs so that the best use is made of all available resources for achieving the desired expansion of livestock production.

(*f*) *Finance.*—The total fixed investment required in the industry in four years up to the end of 1952 is estimated at approximately $1,800 million, about half of which will be spent on machinery. Prices of farm products have been raised to help the farmer to finance this investment and to increase his livestock. *Ad hoc* grants or subsidies are also given to encourage desirable developments such as the ploughing up of grassland of three years or over. The Government has undertaken to reimburse Artificial Insemination Centres for any losses they may incur in the early years of their activity. Under the price-fixing mechanism of the Agriculture Act 1947, the farmer is assured that the prices of crops will be fixed eighteen months ahead and, in the case of livestock and livestock products, minimum prices are made known two to four years ahead.

75. The fulfilment of the programme depends ultimately on the skill and initiative of the farming community. Each county has an Agricultural Executive

C 224400

Committee, consisting of representatives of farmers, landworkers and landowners to ensure by propaganda and persuasion that the crop targets are achieved and to assist farmers by the hire of machinery and supplementary labour, by contract services and by the provision of short-term credit facilities. Working with these committees is the National Agricultural Advisory Service of about 1,300 qualified technical officers, available to advise farmers on all questions of technical improvement and efficient production. Special attention is being given to grassland improvement. Where advisory methods fail to secure greater efficiency, the Agricultural Act 1947 gives the County Agricultural Executive Committee powers to enforce standards of good husbandry, even to the point of dispossessing inefficient farmers. The Act also enables the Minister of Agriculture, subject to Parliamentary approval, and for one year at a time, to authorise the committees to issue directions to farmers in order to maintain the national food supply. These powers have been invoked, where necessary, in order to ensure the essential expansion of the tillage area in 1949. Corresponding powers and machinery exist in Scotland.

76. Agricultural research will play an important part in raising efficiency. The Research Institutes guided by the Agricultural Research Council are very active, and an Agricultural Improvement Council sees that the results of research are made known and used. A series of experimental husbandry farms and horticultural stations has been set up to enable research workers to test the results of their research work under practical farming conditions.

77. The expansion programme will require about 75,000 more civilian agricultural workers than in 1946. The provision of more rural housing to enable the recruitment of more British workers and their families is an important part of the campaign. Farm workers are not called up for military service. 32,000 Poles and European Volunteer Workers had been recruited for permanent settlement by June 1948. Most of these workers are being accommodated for the time being in hostels. In addition 23,000 German prisoners of war have been allowed to stay as civilians at their own request.

78. The programme will still leave the United Kingdom the world's greatest food importer, and it would certainly be the Government's hope that, if the means of payment could be found, a still larger volume of food and feedingstuffs imports than is shown in the 1952–53 estimates could be acquired.

79. *Fishing.*—By 1952, about eighty new trawlers will be in commission with an average capacity of up to 700,000 lbs. of fish. As a result it is hoped by then to expand output by about $32 million a year. Landings will then be well above pre-war. New factories planned by the herring industry for the production of herring oil and meal will also be in operation. Regard is being paid to the necessity of preventing over-fishing in the North Sea and the majority of the new vessels now being built will be fishing in other areas.

(2) COAL

80. The United Kingdom is almost completely dependent upon coal for industry, trade and domestic purposes since indigenous supplies of other fuels are insignificant. Coal has also been a traditional export, valuable both for itself and because it has provided an outward freight for the shipping industry and thus reduced the transport cost of imported food and raw materials.

81. The importance of coal exports is now greater than ever before since it can directly reduce the dollar expenditure of other European countries. In 1947 shipments of United States coal to the participating countries amounted to 36 million tons, at a cost (excluding freight) of about $337 million. The estimated figures for 1948 are 25 million tons and $275 million respectively. The substitution of this quantity of American coal by British or other European coal is clearly essential to the restoration of Europe's balance of payments. Furthermore, coal exports to Canada and Argentina can be useful earners of hard currencies.

82. For these reasons a large increase in British coal output is planned for the four-year period. Output has already recovered a good deal of ground since 1945, when it amounted to only 186 million metric tons, rising to 193 million tons (184 million deep-mined) in 1946 and 201 million tons (190 million deep-mined) in 1947. During the first 35 weeks of 1948 output has been 9 million

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224401

metric tons above the output for the corresponding period of 1947. Output per man-shift rose from 1·02 metric tons in 1945 to 1·05 in 1946 and 1·09 tons in 1947, and is currently about 1·12. Exports and foreign bunker shipments have increased from 5·4 million tons in 1947 to the current rate of 20 million tons a year. The commitment to supply 13 million tons of solid fuel exports to participating countries and bunker shipments in 1948, promised in Paris in July 1947, is well on the way to fulfilment. Substantial shipments are also being made to the American continent. The sharp rate of increase in exports is, however, partly due to a reduction in stocks at home which cannot, of course, continue. Consumption in the United Kingdom has been kept down by restrictions on the use of domestic coal, gas and electricity, by the more efficient use of fuel, and by the effective use of the dirtier coals which have had to be used because of the shortage of cleaning plant.

83. The aims are to produce over the next four years sufficient coal and coke to meet all the requirements of this country at the lowest possible cost in materials and resources, to ensure that the solid fuel needs of Europe will be fully satisfied from European (and in large part from British) sources, and to increase shipments to South America and Canada. So long as abnormal conditions prevail it is only possible to guess at the level which internal demand would reach were supplies freely available. In the export markets uncertainties exist as to the speed of industrial recovery in the participating countries, the availability of additional supplies of solid fuel from Germany and Poland, the total European demand for solid fuel, the prospects of selling British coal in South America, Canada and other distant markets, and the availability of particular qualities of coal. The appraisal of these prospects is clearly a field for European consultation. It has been assumed, however, that demand for United Kingdom exports and bunkers will reach by 1952–53 a level of 40 million metric tons. It should be practicable to meet that demand with a total production (including opencast production) of between 250–260 million metric tons. This will require over the next four years an increase of some 40 million metric tons of deep-mined coal. It implies an annual increase of about 5 per cent. in output per man-year, a rate substantially higher than has ever been sustained for a long period by any large section of industry. To achieve such an advance will involve a tremendous effort. It means nearly doubling the rate of expansion thought possible for other industries.

84. All this will have to be achieved in the early stages of a long-term programme, involving radical reconstruction of the whole industry, which is expected to extend over a 15-year period. A rapid development in productivity during this time will be hard to achieve, especially as it will necessarily take a long time to complete the underground haulage reorganisation, and the design and construction of large-scale surface cleaning plant, upon which much reliance must be placed for increased productivity and improved quality. Every effort will also be made to reduce internal consumption by the more efficient use of our fuel supplies—a field in which very considerable success has already been achieved.

85. Underground haulage productivity must be raised as quickly as possible from the present figure of about 5 tons a manshift to 20–25 tons obtained in the most modern European mines. This is largely a matter of replanning and driving tunnels for locomotives. For reasons of working space the speed at which tunnels can be driven is limited, and, because of the age of British coal mines and the great distance of most workings from the deep shafts, these new tunnels must be long. Improved haulage will make mining operations run more smoothly and release men in considerable numbers for face work.

86. Many surface cleaning plants are already in hand, and plants ordered or projected should be able by 1952 to deal with 70 per cent. of total coal output. These plants will release men from hand picking coal, and the coal produced from them will be burnt at higher efficiencies.

87. Production at the coal face is already highly mechanised with 75 per cent. of the output mechanically cut and face conveyed in 1947. The chief means of improved productivity by further face mechanisation must, therefore, be looked for in the installation of mechanical loaders. Geological conditions in the British coalfields, however, do not lend themselves readily to this form of mechanisation by reason of the great depths at which many seams are worked with consequential difficulties in roof control.

C224402

88. During the four years ending December 1952 the Coal Board expect to invest nearly $600 million on development and reconstruction, including plant replacement. A large part of this expenditure will be devoted to the three principal mining activities referred to above. In addition it is proposed progressively to close down the less efficient mines, to concentrate working within existing collieries, and to undertake an extensive programme of drift mining. At the same time plans are being worked out for the major reconstruction of existing collieries, new sinkings and the like, which can hardly be expected to yield any considerable returns by the end of the period.

(3) OIL

89. The world's current consumption of oil is already 70 per cent. higher than in 1938. The United States of America's present consumption alone is about equal to the world's total consumption in 1938, and as the United States of America has now become a net importer of oil—it has been for years a very considerable exporter—the shortage for the rest of the world is an acute problem. A very large expansion of oil production is, therefore, necessary if economic recovery in Europe and the development of those territories to which Europe must increasingly turn for her supplies of food and raw materials are not to be retarded.

90. The United Kingdom has a special interest in the expansion of oil supplies. In spite of the fact that the output of the British oil companies is much greater than consumption in the United Kingdom, particularly at the very restricted level which it has imposed upon itself, the oil industry makes at present the largest single claim for dollar expenditure. The British-controlled oil companies are engaged in a highly complex foreign trade. Their activities involve large dollar expenditure both for operating expenses and the purchase of equipment. In addition, large quantities of oil are still having to be purchased by British companies from United States companies to meet their market requirements in non-dollar areas. A substantial part of this dollar expenditure is incurred in order to make oil available to the participating countries of Europe. In all, the British companies sold for inland consumption over 10 million metric tons of oil to the participating countries (excluding the United Kingdom) in 1947. This will rise to about 13 million tons in 1948 and will then constitute 40 per cent. of their total estimated oil supplies. These supplies are essential to the economic recovery of the participating countries; trade and industry would be most seriously dislocated if they were withheld. When it is appreciated that this assistance to recovery and development of the European recovery is made at the cost of a substantial drain on the United Kingdom's gold and dollar resources it will be realised that the United Kingdom's oil supplies constitute an altogether outstanding immediate contribution to European collaboration.

91. To deal with this situation oil production and refining capacity by British companies are being expanded both to reduce the need to purchase oil from dollar sources and to enable more oil to be sold to dollar purchasers. British companies (including under this heading the Royal Dutch Shell group) produced 46 million tons of crude oil in 1946 and nearly 54 million tons in 1947. This year it is hoped to increase production to 64 million tons. In 1953 the expansion of the industry should yield approximately double the 1947 output.

92. The main contribution will come from the development of concessions held outside the dependent overseas territories, principally in the Middle East and Venezuela. Production in British Borneo and Trinidad, about 4½ million tons in 1947, is expected to increase to about 6 million tons, as a result of extensions in hand.

93. An important feature of the expansion programme is the development of refinery capacity. A large industry will be established within the United Kingdom capable of treating nearly 20 million tons of crude oil a year, compared with a through-put of 2½ million tons in 1947. Seven new refineries or major extensions will be erected in the United Kingdom at an approximate cost of $500 million. Work has already begun on three of them. This ambitious project will make a major change in the oil position of the United Kingdom. Imports of crude oil will increasingly replace imports of refined products and give rise to large savings in foreign exchange.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

The new plants will result in a much greater variety of products being refined in the United Kingdom and will stimulate the development of a petroleum chemical industry capable of producing many organic chemicals now imported from hard currency sources. Refinery capacity owned by British companies outside the United Kingdom is also being increased considerably. A new refinery is now under construction in Venezuela, while increases in capacity in Holland, the Middle East, and the East Indies are already under way or planned. Capacity overseas will be increased by more than 40 per cent. compared with 1947.

94. With regard to the pipe-line projects, increased output in the Iraq fields will necessitate increasing the capacity of the existing pipe-lines which carry the oil to the Mediterranean coast. British companies in conjunction with American companies also have plans for building pipe-lines to carry crude oil from the Persian Gulf to the Mediterranean coast.

95. The programme of the British oil companies is vast. If it is successfully carried out, it is estimated that the dollar-saving and dollar-earning effect of the increased output will reduce the net dollar drain on oil in the United Kingdom balance of payments very considerably. The increased availability of sterling oil will, of course, make it possible for British companies to play their part in meeting the rising needs of the rest of the world including the sterling area and participating countries and will be an important contribution to the Recovery Programme. But it will be possible to achieve these objectives only if the large quantities of steel and steel equipment required for the programme are made available to the companies. It is estimated that in 1949–52 over 1 million tons of steel will be needed for plant and buildings over and above 2½ million tons for maintenance, production and marketing. Part of this can only be obtained from the United States. The rest must come from the United Kingdom and other continental steel producers can help in this by increasing their supplies to the United Kingdom of the steel it needs. The satisfaction of current requirements is already placing a heavy strain on United Kingdom steel supplies. While more steel will become available for oil development as United Kingdom steel production expands, it is clear that the carrying out of the full programme in good time and the meeting of this large demand for steel will require the co-operation of other participating countries, who will so largely benefit from it.

(4) IRON AND STEEL

96. The United Kingdom steel industry is now operating at the full stretch of its steel-making capacity. The official target for output of crude steel in 1948 is 14·7 million ingot tons, but there are good hopes that this figure will be exceeded. Production up to the end of August was at a rate equivalent to 14·9 million tons a year, and for many weeks output has been maintained at an annual rate of over 15¼ million tons. Home output of crude steel in the United Kingdom is not, however, sufficient to meet demand. There is an excess of finishing capacity, but it has not been possible to obtain sufficient supplies of imported semi-finished steel to employ this capacity fully.

97. A review has recently been made of the probable demand for steel in the United Kingdom in the 1950's. This indicates a total requirement for home and export in the region of 18¼ million ingot tons a year. Consumption for home use, including consumption in the manufacture of goods for export, is estimated at 15¾ to 16¼ million ingot tons. The possible demand for steel for export as such has been estimated at 2 to 2½ million ingot tons. This may be compared with actual supplies for all purposes, including exports, of 14·4 million ingot tons in 1947 and 13·2 million ingot tons in the years 1937–38.

98. The considerable increase in the estimated requirements of steel in the 1950's as compared with pre-war arises from three main causes. First, there has already been a very great substitution of steel for timber—for example, in coal mines and in the building of railway wagons. This tendency may be expected to continue. Second, a large part of the expected expansion of exports is in engineering products. Third, the high level of investment needed to restore and modernise the industries of the United Kingdom will make demands on steel which will certainly continue for some years beyond the period of this Programme.

99. Since the war ended the steel industry has embarked on a major re-equipment and development plan, the first stage of which is estimated to cost about $1,000 million. Included in this figure is certain specialised plant (in particular a continuous strip mill), valued at $70 million, which is being obtained from the United States and is a most important contribution to the scheme. The objects of the plan as a whole are to make good the modernisation and development postponed by the war, to increase capacity, and to lower costs by concentrating production. Under this plan, the production of crude steel in 1952–53 will rise to 17 million ingot tons. Some developments, which will expand the capacity for the production of crude steel still further, will not be finished until 1953 or 1954.

100. Despite the increased output of crude steel there will still be in 1952–53 some excess of finishing capacity which could be employed only by the import of some 560,000 tons of steel for finishing. Having regard, however, to the supplies likely to be available, only 380,000 tons of semi-finished steel have been provided for in estimating the import programme for 1952–53. This quantity will be imported under the already existing agreements with continental steel producers which do not expire until 1953. With these supplies it will be possible to produce 17·5 m. tons of finished steel (in terms of ingot equivalent). The level of the import demand for semi-finished steel in 1952–53 contrasts with the existing position where, owing to the present large excess of finishing capacity over crude steel capacity in the United Kingdom, there is a demand for imports of semi-finished steel of some 1·2 m. tons a year, which can be met only in small part, chiefly from the continent of Europe. One of the main features of the steel development plan is, therefore, the reduction of the gap between steel making and steel finishing capacities. This will reduce the United Kingdom's dependence on imports of semi-finished steel, which is expected to remain difficult to obtain from abroad in any quantity, and will eliminate the present need to seek substantial supplies from dollar sources.

101. It will be seen that there is a gap between this forecast of output of finished steel and the demand estimated in paragraph 97 above. It is expected that this will be partly closed by the use of second-hand material arising in the United Kingdom (estimated at 200,000 ingot tons) and by the import of 400,000 tons of finished steel (in terms of ingot equivalent), most of it under the existing agreements with the Continental steel producers. Unless additional imports of semi-finished steel are available, the remainder of the gap can be filled only by importing more finished steel from other O.E.E.C. countries, but whether or not it will be desirable to do this will depend on the strength of the demand for United Kingdom exports of steel. No provision has been made for such supplementary supplies of finished steel in the import programme. On the assumption that the home demand, taken as 16·0 million ingot tons, is met in full, provision has been made for exports of 1·6 million tons of finished steel (2·1 million tons in terms of ingot equivalent), including supplies to the oil industry abroad and for capital development in the sterling area. The position will, however, be reconsidered in the light of the discussion by the O.E.E.C. of the long-term programmes submitted by other participating countries.

102. A notable feature of the development plan is the modernisation and expansion of blast furnace capacity, which is designed to serve a three-fold purpose. It will increase the production of pig iron for steel making to 9·4 million tons in 1952–53 compared with 7·2 million tons in 1948, and also expand the output of foundry pig iron. The installation of the latest equipment will yield a marked saving in fuel consumption—a matter of first importance since great efforts will be needed to maintain the supply and quality of coking coal and coke to keep pace with the expansion of the steel industry. An increased output of pig iron will diminish the pressure on scrap supplies.

103. As regards particular types of finished steel products, the expansion of capacity will be particularly important in sheets and tinplate. The total output from the sheet and tinplate mills in 1952 is estimated to be sufficient to meet the home demand and to provide for export about 375,000 tons of tinplate and 175,000 tons of sheets. The improvement in the production of sheets and tinplate should enable the United Kingdom in the 1950's to make an important contribution to the supplies of the other O.E.E.C. countries. The Paris report of 1947 showed that in 1951 there would be a net import demand for tinplate by the O.E.E.C. countries on the United States of 250,000 tons a year. Full operation

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224405

of the United Kingdom's new mill by 1952–53 should enable this prospective dollar drain to be considerably reduced.

104. On the heavy side of the industry, the main feature of the plan is the proposed installation of mills for rolling constructional sections. In the case of plates and light sections, the plan is concerned with the modernisation rather than the expansion of capacity. There will be a substantial increase in the output of wire rod, from about 750,000 tons in 1948 to over 1 m. tons in 1952. At present the United Kingdom is obliged to include a substantial quantity of wire rod in her import programme and indeed has considerable difficulty in obtaining the imports needed; the development plan is designed to eliminate this need for imports.

105. A further expansion of steel-making and finishing capacity in the United Kingdom is under consideration in the light of the present forward estimates of demand, but the existing development plan will be well on its way to completion before any new plans can be put into operation.

106. The following table briefly summarises the principal statistics :—

actual weight '000 metric tons

	1935–38 *Average*	1947 *Actual*	1948–49 *Programme*	1952–53 *Programme*
Production of crude steel	11,437	12,684	14,987	17,020
Imports—crude and semi-finished steel ...	487	293	373	383
finished steel	486	105	544	317
Exports—crude and semi-finished ...	22	4	6	—
finished steel	1,411	996	1,185	1,580
Consumption of finished steel	7,444	9,630	11,032	11,860

(5) ENGINEERING

107. The engineering industries are directly involved in nearly every aspect of economic recovery : in the mechanisation of agriculture; in the re-equipment of home industries and public utilities; in the export of capital goods not only to pay for current imports but also to develop the resources of the participating countries, the sterling area and other parts of the world.

108. Between 1938 and 1948 the production of the mechanical and electrical engineering sections of this industrial group has increased by about one half and it is expected that by 1952 production will rise still further to about 70 per cent. above the 1938 level.

109. Exports of all engineering products are at present over twice the level of 1938 and account for about 40 per cent. of the United Kingdom's total visible exports. By the end of 1948 the engineering industries as a whole should be exporting 230 per cent. by volume of their 1938 exports. The aim is to maintain at least this high level throughout the period under review

110. The supply of machinery for home investment (including a small but important amount of imported equipment) was in 1947 about 20 per cent. above the pre-war level. By 1952 it is expected to increase the rate of supply to 40 per cent. above the 1938 level. The expansion of output of industrial machinery and equipment will exceed that of vehicles and other metal goods Much of this plant will be needed in the next few years to make good the arrears of replacement accumulated during the war; part will go to increase the capacity of other exporting industries; all of it will increase the efficiency of British industry.

111. The engineering industries are making a major contribution to the agricultural expansion programme. In addition to a wide range of other agricultural machinery they are now producing agricultural tractors at a rate of 100,000 per annum compared with a pre-war output of some 12,000 a year and an output in 1947 of 56,000. This rate will be increased as steel supplies expand. Some 50,000 tractors a year are currently being exported and as the demand from the United Kingdom agricultural industry is approaching the point at which it will be stabilised at the replacement level, the major part of the increased production will be available for export. It is expected that about 27,000 agricultural and industrial tractors will be exported to the participating countries in 1948–49. Steps are being taken to encourage the manufacture of larger wheeled tractors, crawler tractors and specialised types of agricultural machinery for which the United Kingdom and the sterling area generally have hitherto been dependent on imported supplies from the Western Hemisphere.

C224406

112. The engineering industries are also making a direct contribution to the reduction of dollar expenditure by developing or manufacturing under licence types of equipment hitherto imported including agricultural machinery, specialised machine tools, contractors' plant, automatic textile and hosiery machinery, office appliances and a diverse range of other equipment used throughout industry. Continued encouragement will be given to this process.

113. It is not possible to give in precise quantitative terms a programme for the engineering industries as they are not a homogeneous entity. They consist of at least as many different sections as there are industries using their products. The broad objectives, for which it is believed material supplies will be adequate, are :—

(*a*) To achieve by 1952 an aggregate output in mechanical and electrical engineering 170 per cent. of the 1938 level; vehicles 135 per cent., and tools and implements 160 per cent.;

(*b*) to maintain the export of engineering products as a whole at not less than 230 per cent. of the 1938 level;

(*c*) to organise the productive capacity of the industries so as to produce the equipment needed for the home investment programme in the required quantity, type of product and time;

(*d*) to develop those categories of engineering exports likely to make the best and quickest contribution to the restoration of economic stability, namely, those which will increase the hard currency earnings, or reduce hard currency expenditure of the United Kingdom and other sterling area members of the Commonwealth, develop the production of foodstuffs and raw materials in the sterling area and other overseas territories, and contribute to the re-equipment of the agricultural and manufacturing industries of the participating countries;

(*e*) to maintain and improve the efficiency of the industry by research, the application of new techniques, good management and improved skills.

The various controls over resources exercised by the Government will be used to these ends.

(6) CHEMICALS

114. The production of chemicals has a major contribution to make both towards righting the balance of payments and increasing industrial production generally. For some years large amounts of organic chemicals and plastic materials have been imported from North America, including molasses, alcohols, solvents, and a wide range of oil derivatives, together with materials for the rapidly growing plastics industry. Expenditure has been in the region of $60–70 million a year. Increased production will also help the sterling area and participating countries to reduce purchases for dollars. Exports have increased rapidly and in the second quarter of 1948 were 56 per cent. above the 1938 level. By 1952 it is hoped that they will be 90 per cent. above 1938.

115. The main object is to increase production in nearly all branches of the industry : organic chemicals and plastic materials, dyestuffs and basic chemicals (particularly alkalis). The current dollar expenditure of over $60 million a year for the import of organic chemicals will be almost eliminated. A surplus for export will become available. The increases in production will also put the organic chemicals industry into a more balanced state. At present it is largely self-supporting in coal tar products, and to a lesser extent in derivatives of ethyl alcohol obtained from the fermentation of molasses, but production is deficient in the large number of chemicals obtained from cracking oil.

116. Progress is also being made in making up the leeway lost during the war in keeping pace with developments in the manufacture of plastics. Production of the main plastic materials in use at present is being expanded and within three years United Kingdom production will be sufficient to make most imports unnecessary and provide for expanded exports. By 1952 United Kingdom output of plastics should be three times as great as in 1938.

117. About 95 per cent. of the dye-stuffs required by industry are already made in the United Kingdom; the remaining 5 per cent. must be imported mainly from Europe. Increased capacity, at a cost of about $40–50 million, is being installed to meet increasing demands, and by 1952 British production will be about 30 per cent. greater than in 1947. It should then cover the majority of the

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C 224407

newer and faster dyestuffs required by industry of which the supply from United Kingdom sources is not yet adequate.

118. Soda ash is now unrationed for the home trade and all the demands of the export market on this country are likely now to be met in full. An increase of 40 per cent. over the 1947 production capacity is in hand, which should meet growing demands over the next few years. The shortage of caustic soda is serious. Although most essential needs at home are being met, exports are substantially less than the demand. Increases of 80 per cent. over the 1947 production capacity are in hand but it will be some years before the new plant can be in full operation. These extensions will enable the Sterling Area from now onwards to increase its exports of soda ash and caustic soda to South America and the Far East.

119. Prospective United Kingdom production of nitrogenous fertilisers will be sufficient for some expansion in home consumption and for the maintenance of the long-established export trade to Commonwealth countries and the Far East. Existing plans to increase capacity in Europe, North America, India and Australia will contribute largely to overcoming the present world shortage, but the need for additional United Kingdom output is also being considered. As regards the other fertilisers, some increase in the output of superphosphates is planned.

120. By 1952, as a result of these developments costing in all some $800 million, the United Kingdom chemical industry will meet all major needs of domestic industry and maintain an extended export trade in many parts of the world. The contribution to European recovery will come not so much through exports to Europe, which already has a large chemical industry with a wide range of products, but rather in reducing the sterling area's demands for dollars to buy essential chemicals from North America.

(7) TEXTILES

121. The United Kingdom textile industries not only provide the home market with one of the basic necessities of life, but also make an export contribution of outstanding importance. Even in 1947, when exports were well below the 1938 level, they earned $900 million out of the total visible exports of $4,600 million. In recent months about one-sixth of textile exports have been going to the United States, Canada and Argentina, one-sixth to the countries of Western Europe, and over half to other countries of the sterling area. The expansion of textile exports has until now been limited by the level of production and the minimum needs of the home consumer.

122. Before the war the cotton industry had been suffering for several decades from a long-term contraction of the demand for its products, upon which were superimposed large-scale fluctuations due to the international trade cycle. Prolonged depression of trade, heavy unemployment and under-maintenance of capital equipment were the results. In wool there was no long-term decline in demand, though the industry suffered severely in periods of cyclical depression such as 1932–34. The young rayon industry, on the other hand, was expanding rapidly.

123. Textile output declined and export trade was sacrificed as labour was transferred from civilian industries to war production and to the fighting services. The cotton and wool industries emerged from the war with a greatly depleted labour force and with plant and equipment suffering from heavy arrears of maintenance and replacement—worse in the cotton industry because pre-war difficulties had caused under-maintenance.

124. Since the war substantial progress has been made. In the second quarter of 1948 the cotton industry's production was about 28 per cent. higher than the 1945 rate, while the quantity exported was 70 per cent. higher. This increase in production corresponds closely with the increase in the labour force over the same period. Labour, output and exports are still, however, substantially below the pre-war level. In the wool industry manpower rose by 35 per cent. between mid-1945 and the end of last year; output has increased considerably, and exports in the second quarter of this year were running at a rate about three times as high as that of 1945, and indeed substantially above pre-war. The expansion of the production of synthetic fibres (rayon, nylon, &c.) has been rapid; both output and exports are now considerably greater than pre-war.

C 224408

125. Further expansion of textile exports is aimed at. For this the output of the textile industries must be increased. It is hoped by 1952 to increase the output of woven cotton and rayon cloth by about 35–40 per cent. over 1947. The production of synthetic fibres is expected to double in the same period. As much as possible of this increased production is to go to increased textile exports, and home consumption will be restrained by rationing or other means so long as this is necessary to the attainment of the required exports. It is expected that exports of cotton goods in 1952 will be at least 80 per cent. greater than in 1947, but the industry will be in a position to secure as great expansion as market opportunities allow. Similarly, wool exports are expected to be between 60 and 80 per cent. above the 1947 level. It should be possible to raise exports of staple fibre to at least double their 1947 level, a large part of the additional supplies going to North America.

126. Various measures are in hand to increase production and to steer a larger proportion of the output into export markets. First, plans have been made for a steady improvement in the capital equipment of the industries. New factories are being built to produce synthetic fibres, needed for industrial purposes of many kinds. Rayon output is expected to increase from about 120,000 tons in 1948 to some 200,000 tons in 1952–53. This should make the United Kingdom largely, if not entirely, independent of dollar imports of industrial yarn. Plans are also in hand for developing new synthetics such as terylene, which is highly resistant to chemicals and moisture, and ardil made from the residue of groundnuts. In the cotton weaving industry it is hoped to install about 30,000 more automatic looms before 1952. Most of these will be produced in the United Kingdom apart from some specialised types of machinery which are being imported from the United States and from Switzerland. It is expected that about 30 per cent. of the capacity of the cotton-spinning industry and a somewhat higher proportion of weaving will be newly equipped by 1952; and this will be achieved concurrently with a large export of British textile machinery, much of it to other participating countries.

127. Special efforts are being made to increase productivity in the cotton industry by the reorganisation of methods of production inside the factory. In cotton weaving the industry is at present working out the details of a scheme to improve incentives to efficiency by changing the wage structure, while at the same time enabling the skilled workers to make the best use of their skill by transferring routine tasks to less skilled assistants. A considerable increase in output per head should eventually be secured as a result.

128. Measures to increase the number of workers in the industry have been adopted. These are the more necessary because fewer women workers are expected to be available in future, a factor of particular importance to the textile industries which rely heavily on female labour and are largely localised in areas where a high proportion of the women are in work. Day nurseries are being provided to enable married women with young children to work in the factories. Particular attention is being given to improvements in working conditions. A large-scale publicity campaign is being conducted to drive home to the public and to potential workers the importance of the industry and the advantages it offers. In the last twelve months the Control of Engagement Order has been used to encourage recruitment. The Government has organised the immigration of displaced persons and foreign nationals to take up employment in textiles, and it is hoped to obtain further recruits from this source both for the cotton and woollen industries.

129. Government control and the allocation of production have been used to ensure that production intended for export is not diverted to the home market. Controls, in the form most convenient, will continue to be used so long as they are necessary.

130. The main statistics are summarised in the following table :—

	1935–38	1947	1948–49	1952–53
			'000 *metric tons*	
Cotton consumption	619	368	457	473
Wool consumption	190	191	223	232
Synthetic fibres production	61·2	92·1	122	200
				$ *millions**
Exports of textile materials and products ...	490 (1938)	818	1,212	1,452

* 1938 and 1947 at f.o.b. prices of those years. 1948–49 and 1952–53 at 1948–49 prices.

E

35913

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224409

(8) SHIPPING

131. In 1947 net income from dry cargo shipping services amounted to $121 million. This exceeded the corresponding figure for 1938, partly as a result of the rise in price levels, and it was achieved despite the fact that the fleet available is smaller and relatively older. At the same time, a large proportion of foreign shipping is being employed; there are unsatisfied requirements for ships of the right type and speed for the expansion of the export programme, the development of passenger and tourist trades, and for the cross trades. No comparative figures of earnings by tankers are available, but shipping requirements for the trade in oil have increased out of proportion to the tanker fleet. A much larger proportion of foreign tankers is now on charter to the oil companies than before the war and income from tankers barely balances outgoings.

132. The increase in exports in the next four years is not expected to require appreciably more shipping, since they will be carried in outgoing ships bringing imports into this country. It will, however, account for a large part of the increased income from shipping services that is foreseen.

133. For some years United Kingdom shipping resources have had to be concentrated mainly on the carriage of imports to the United Kingdom and to those territories for which the United Kingdom is responsible. Even so, by chartering tonnage, the United Kingdom has been able to maintain between 3½ and 4 million tons of shipping wholly in the service of other countries. The expected development in world trade should provide opportunities for British shipping to earn more foreign currencies in these so-called "cross trades," but performance must be improved by quicker turn-round and by the introduction of new and faster ships specially designed and constructed for the particular trades they are intended to serve. The rapidly increasing trade in oil requiring shipment from more distant sources of supply calls for a greatly increased amount of tanker tonnage as well as for faster and larger types of tankers.

134. The present programme of shipbuilding for the United Kingdom flag aims at building up, with a conservative allowance for obsolescence and losses, the tonnage of dry cargo vessels (of 500 gross tons and upwards including those with passenger accommodation) to 12·9 million gross tons by the end of 1952 as compared with 12·1 million gross tons at the beginning of 1948 and 13·9 million gross tons in 1939. Since this programme allows for an abnormally low rate of obsolescence, a much greater proportion of the shipping in use in 1952 as compared with before the war or even to-day will be over the age beyond which ships are normally not expected to give efficient service.

135. Delays in United Kingdom ports and in ports overseas in loading and discharging are still seriously retarding the turn-round of ships and reducing the effective performance of British dry cargo shipping. There is to be a sustained effort to improve turn-round in United Kingdom ports, and it is assumed in estimating earnings that conditions will have improved by 1952–53. Efforts are also being made to speed up ship repairs.

136. With the increased and better balanced fleet referred to above, it is expected that the net income on shipping account will be about $360 million in 1952–53. The services of a substantial amount of foreign shipping will still be required, but an increasing proportion of these services should be provided by other participating countries as their own fleets increase. It is, however, a basic condition of the full attainment of these shipping objectives that the United Kingdom, like the other participating countries, should be able to offer shipping services throughout the world in free and fair competition and that there should be no governmental obstruction, by discrimination and other measures, to their acceptance.

137. The principal problem of the United Kingdom, so far as tankers are concerned, is to produce enough tankers for the British oil companies to carry their increased trade. The United Kingdom tanker fleet has already passed its pre-war volume and an increasing proportion of shipbuilding capacity will be employed in the building of tankers during the next four years. The British tanker fleet at the end of 1952 should be 4·3 million gross tons, 0·9 million gross tons more than end-1947 and well above 1939.

C224410

138. Requirements, however, may increase by considerably more than this between 1947 and 1952. With a world shortage of tankers it may not be possible to fill the gap by chartering and the building of more tankers must be an important factor in the plan to increase net income from shipping. As more oil supplies have to be carried on the long haul from the Middle East, larger faster tankers operating at lower cost will be needed and port facilities will have to be adapted to accommodate them.

139. Present programmes require an investment by the shipping industry of between $200 million and $250 million a year throughout the period. This is limited not by the capacity of the yards but by the availability of steel.

(9) TOURISM

140. There are no precise figures of the pre-war earnings of the United Kingdom's overseas tourist trade, but they were probably about $120 million per annum. This was at a time when travel was relatively easy and there were few obstacles in the way of the expansion of tourist facilities.

141. With the changed situation resulting from the war, particularly the loss of so many of Britain's invisible exports, tourism has acquired a greatly increased importance. It figures among those industries which can become, relatively rapidly and at a comparatively small cost in capital investment, raw material, labour, &c., one of our major exporting trades and, moreover, one whose dollar content can be outstandingly high.

142. In addition, and perhaps even more important is the fact that tourism, by bringing the peoples of the world together—people of all sorts and from all walks of life—can make an important contribution to the development of international understanding and the lessening of political tension. For this reason it has always been the policy of the United Kingdom to secure the removal of all possible restrictions on foreign travel. To this end agreements have already been negotiated with France, Belgium, Luxembourg, Norway, Denmark, The Netherlands, Sweden, Switzerland, Iceland and Italy for the mutual abolition of visas. The United Kingdom Government attach great importance to this removal of formal obstacles to the interchange of tourists between the participating countries. Nor do they believe it less important that restrictions should as far as possible be removed from the travel of visitors to the O.E.E.C. countries from the United States. By this means they hope that the understanding of the ideals and achievements of the European Recovery Programme will be stimulated among people in the countries taking part in it on both sides of the Atlantic. They are convinced that this will do much to ensure its success.

143. At present owing to financial difficulties there are necessarily still restrictions on the travel of tourists between the O.E.E.C. countries themselves. The United Kingdom Government hopes that as the European countries' balances of payments improve these financial restrictions can gradually be removed.

144. The United Kingdom has already suggested to the O.E.E.C. that the development of the European tourist industry is a promising field of joint activity for the participating countries. It can make an important contribution towards righting Europe's balance of payments with the Western Hemisphere. The United Kingdom will co-operate fully in the examination of joint measures for this purpose.

145. For its part the United Kingdom has taken many measures to encourage and develop tourism in the United Kingdom. The most important single step was the setting up of the British Tourist and Holidays Board and the Scottish Tourist Board, both non-governmental organisations, whose members are largely drawn from the tourist, hotel and catering industries. The British Board, particularly through its tourist branch—the Travel Association—and with the co-operation in Scotland of the Scottish Tourist Board, has the task of promoting the organisation of the tourist industry in this country. Much of the work being undertaken by these bodies is still only in its early stages, but there are already ample indications that the efforts being made will be repaid.

146. In 1947 some 300,000 overseas visitors came to the United Kingdom and earnings from this trade amounted to about $80 million apart from the sums spent by tourists on transport to and from their homeland in British ships and aircraft. It is estimated that in 1948 the total number of visitors should reach about 500,000 and that total earnings should be in the region of $140 million,

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C 224411

of which $60 million should be in dollars and equivalent currencies. It is estimated that the trade's earnings may be as much as $260 million by 1952–53 with the dollar contribution at more than $150 million. While the United Kingdom's total expenditure on tourism overseas is expected to exceed its total tourist income from all sources, it is expected that there will be a large dollar surplus.

147. Shipping space at present limits the number of tourists coming to the United Kingdom particularly from the Western Hemisphere and the other countries of the Commonwealth. Efforts are being made to increase the space available and to make the fullest possible use of it by persuading tourists to come to the United Kingdom out of the normal summer tourist season. Attention will also be paid to increasing the aircraft space available for the transport of tourists. The shortage of hotel accommodation, caused partly by the war, is being successfully tackled.

148. For the 1948 season ample allowances of petrol have been given to tourists bringing their cars with them, or buying them in the United Kingdom for subsequent export; special arrangements have also been made to provide adequate hire-car and coach facilities for tourists. A new system, known as the Tourist Voucher Scheme, to enable tourists to buy reasonable quantities of rationed clothing for immediate delivery has also been in operation for the first time this year, and the scheme for the direct export of goods ordered by tourists has been widely publicised and used. All these schemes will be reviewed and where practicable improved before the 1949 tourist season.

149. Efforts will be made to make travel easier by abolishing burdensome controls on movement wherever possible and by ensuring that those which must be maintained, either for security or economic reasons, should be operated as speedily, simply and efficiently as possible.

150. The development of the tourist trade will necessarily depend to a considerable extent on the achievement of international political and economic stability and in this the success of European Co-operation within O.E.E.C. will play a decisive part.

C224412

CHAPTER IV.—INVESTMENT IN THE UNITED KINGDOM

151. The development and modernisation of industrial and agricultural equipment is one of the explicit objectives of the European Recovery Programme. A careful balance between this and other objectives must be maintained. Excessive home investment might defeat its own ends; it would endanger stability, require more imports than can be afforded and sharply limit exports. This chapter sets out the scale and composition of the investment programme, which on present evidence is believed to be practicable.

152. The effective limits on investment are three: the need for countervailing savings; the limits imposed by raw material supplies; and the limits of the productive capacities of the building and engineering industries.

153. The problem of financing investment has already been discussed in paragraphs 33–37 where it has been made clear that it is the intention of the United Kingdom to pursue a fiscal policy which will seek to prevent financial limitations from hindering essential investment.

154. The physical limitations are primarily those of steel and timber. The total available supplies of steel are being currently used as to 60 per cent. for home investment, 32 per cent. for exports in direct form or as manufactures, and 8 per cent. on consumption and defence. With a finished steel supply perhaps $2\frac{3}{4}$ million tons greater in 1952–53 than in 1947, it is estimated that on present expectations about the progress of exports some $7\frac{1}{2}$ million tons will be available for investment purposes. The division must clearly be provisional and will be subject to adjustment in the light of economic developments over the next four years. The limitations of timber for the United Kingdom are set by the exportable surpluses of overseas countries and by the ability of the United Kingdom to finance its timber imports. Present prospects suggest that the supplies of softwood (excluding sleepers) available to the United Kingdom in 1952–53 may be of the order of 5,700,000 cubic metres compared with a consumption of 4,600,000 cubic metres in 1947–48 and 1948–49. A higher scale of investment in building will therefore be practicable.

155. The engineering industries, taken as a whole, are now producing 40 per cent. more than in 1938. Their capacity to provide the capital equipment needed for home investment is at present limited partly by the shortage of steel and partly by the extremely large contribution which they are making to exports (amounting to 40 per cent. of the total in the first half of the current year). The growth of steel supplies made possible by the iron and steel development plan described in Chapter III will progressively ease the former limitation. It is calculated that sufficient engineering capacity will be available both to satisfy the needs of the proposed investment programme and to sustain the assumed level of capital goods exports, though a careful balance will have to be maintained in the distribution between home investment and exports of particular categories of plant and machinery.

156. In the light of these factors an annual gross investment programme at current prices of about $8,500 million of fixed investment at home represents the practicable limit of what the United Kingdom may reasonably hope to achieve, having regard also to the claims of overseas investment for colonial and other development within the sterling area. Together with the latter it will account for 20 per cent. of the gross national product. This home investment programme compares with an investment at the same prices of about $7,500 million in 1947 and about the same amount in 1938. The high rate of home investment in 1947 was achieved in a year where there was also a deficit of $2,500 million on the balance of payments. Without this, investment on this scale would not have been possible. Without external aid drastic cuts would clearly have been necessary. With external aid the United Kingdom expects not only to achieve a gross domestic investment of $8,500 million a year but also to be in a position by 1952–53 to sustain this level out of its current income. This does not imply a rigid ceiling for investment over the next four years. To the extent that the United Kingdom succeeds in its endeavours to increase the national income, it will also be its aim to accelerate and expand the investment programme.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224413

157. The resources available for investment will be concentrated on the following purposes:—

(*a*) the expansion of home agriculture and fisheries;
(*b*) the development of basic industries, particularly steel, coal, oil, basic chemicals and cement, in order to make possible the unfettered expansion of industrial production;
(*c*) the strengthening of the public utility services where necessary, particularly electricity, transport and port services, in order to support the expanding level of industrial activity;
(*d*) the modernisation of industrial equipment so as to increase the volume and reduce the cost of production;
(*e*) the development of new raw materials and alternative sources of supply for existing raw materials at home, in the Colonies and elsewhere overseas;
(*f*) the removal of shortages of widely used basic products, such as ball bearings, precision chain, refractories;
(*g*) the stimulation of industrial research;
(*h*) the provision of essential services, such as housing and of basic social services such as water and health services and education (particularly on the technical side) which contribute to the nation's economic strength.

158. Excluding ordinary maintenance of houses and miscellaneous small works the available investment resources will be distributed in this period approximately as follows:—

	Per cent.
Fuel and Power	15
Transport and Communications	18
Agriculture	6
Industry (including Iron and Steel and Shipbuilding)	33
Housing	16
Social Services (Water Supplies, Health, Education, &c.)	7
Defence and Public Administration	5
	100

159. Until the equipment of the export industries and of the basic industries serving industrial production as a whole has been adequately restored and modernised, investment for these purposes must take precedence over investment designed solely or mainly to increase consumption standards. In accordance with this policy the volume of investment to meet the needs of social services and to serve directly the home consumption market will not be raised above its present level, increases in one direction being balanced by reductions elsewhere within this group. Should any additional resources become available for investment they will be concentrated on industrial investment.

160. There is a wide range of controls in force to ensure that investment resources are canalised in the desired direction. In addition to the control of capital issues on the capital market these also include the licensing or authorisation of all building work above small fixed limits, statutory distribution schemes for steel and timber and arrangements, statutory or voluntary, with the various sections of the engineering industries about the division of the output of plant and machinery between the home and export markets. In the case of the nationalised industries the Boards are required by Statute when framing programmes of reorganisation or development involving substantial outlay on capital account to act on lines settled from time to time by the responsible Minister. Future policy towards these controls will be guided by the general principles enunciated in paragraphs 51–54 above. An important part of the United Kingdom's industrial investment policy has been the encouragement of investment in areas that suffered prolonged economic depression between the two world wars and which might, owing to the lack of industrial capacity, have undergone a similar experience again. The United Kingdom Government, using special powers and machinery, has already erected 290 factories in such areas and 250 more are at present being built. Private industry has also with much success been encouraged, wherever possible, to undertake investment in these areas.

161. The principal features of the investment programmes for major industries have been described in the previous chapter. The largest remaining

C224414

items in the total investment programme are the public utilities, housing and the social services. To complete the account, a brief description of these is given below.

162. *Electricity.*—The consumption of electricity is now over 80 per cent. greater than in 1938. Throughout the war years, however, the installation of plant was severely curtailed and reliance had to be placed on extending the life of old plant, improving the load factor and in recent years on load shedding and load spreading arrangements with their attendant difficulties for industry. To meet this situation the investment programme for electricity generating stations contemplates the installation of thermal plant to increase the available generating capacity by about 40–50 per cent. above the present amount. The total cost will be about $2,000 million including ancillary work on transmission lines and distribution. In addition over 600 megawatts of hydro-electric capacity will be installed in the North of Scotland, much of which will supply industrial needs in Scotland and make possible new developments in the Highlands. It is hoped that this increase in capacity will assist a general increase in industrial efficiency.

163. *Railways.*—After heavy use and inadequate maintenance throughout the war, the railways stand in need of considerable re-equipment to overtake arrears of repairs and renewals, quite apart from the pressing need to keep up with new developments of rolling stock, or to extend the use of modern equipment, *e.g.*, colour light signalling on heavily operated lines. This applies with special force to the permanent way. There is also a considerable need for goods wagons (of which the railways have nearly 30 per cent. over 35 years of age) and for passenger coaches (of which the railways in 1947 had about 13 per cent. fewer than in 1939 to meet a 24 per cent. increase in passenger miles). Much general repair and maintenance work is required on buildings, locomotive sheds, bridges, and embankments. All these works contribute towards raising the efficiency of the railways and enabling them to transport quickly and cheaply the larger volume of raw materials, minerals and merchandise which will arise during the next four years.

164. In 1948 gross investment by the railways will amount to about $600 million and, if all the needs were to be met on a reasonable scale, the annual rate ought to rise to about $800 million by 1952. The greater part of the increase will consist of renewals to rolling stock (an additional $40–60 million a year) and civil engineering works (about $120 million).

165. *Housing.*—As in all highly organised communities housing necessarily absorbs a substantial share of investment resources. The expenditure needed for ordinary maintenance and repair of the existing stock of houses for a community of 50 million people is in itself a very substantial item, the more so as in the case of the United Kingdom the volume of such work had necessarily to be reduced to the barest minimum during the six years of war.

166. During the war 220,000 houses were completely destroyed by enemy action and 250,000 rendered uninhabitable. During the same period house construction was suspended, apart from the minimum necessary to accommodate workers on war production. Since 1939 the population has also increased by $2\frac{1}{4}$ million and there is an urgent need for more houses to increase the mobility of the working population to facilitate the structural changes that are taking place in United Kingdom industry and encourage recruitment to the undermanned industries. Towards these various needs between the end of the war and the end of July 1948 330,000 permanent and 155,000 temporary houses have been built and 235,000 housing units have been provided by the conversion of existing premises and the repair of heavily damanged houses. So far the replacement of obsolescent houses and of houses condemned as unfit for occupation by pre-war standards has had to give way to these more pressing needs.

167. To meet the outstanding and continuing requirements for repair and new construction of houses it is believed that it will be possible to find sufficient resources to enable work to the value of $1,660 million to be undertaken in 1949, of which about 40 per cent. will be for repair and maintenance work. Within this programme preference will be given to building houses in agricultural and mining areas in order to facilitate recruitment to agriculture and mining. Likewise provision will be made for the housing needs of industries such as the steel and chemical industries where large schemes of expansion are planned. The rate of

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224415

house construction in the following three years will depend on the progress of economic recovery.

168. *Social Services.*—The chief items under this head are education, health services, and water and sewerage, on which capital expenditure in 1949 is estimated at approximately $400 million. These services suffered severely during the war.

169. Five thousand schools were destroyed or severely damaged by enemy action and at the end of the war 40 per cent. of all the classes in England and Wales were officially classified as overcrowded. Over one million new school places are needed. Two-thirds of this requirement is due to the steep rise in the birth-rate and to shifts of population, and the remainder to the destruction of schools and the increase in the school-leaving age to fifteen years. Special provision will be made for technical education by the erection of new technical colleges for various branches of industry, and the provision of accommodation for the rapidly increasing number of part-time students, who have grown from 36,000 before the war to 200,000. The number of whole-time technical students has quadrupled in the same period.

170. Investment in water supplies and sewerage includes the making good of wartime arrears which cannot be postponed without danger to public health and without imposing limits on supplies to industry. On the health side the next four years must be spent mainly in bringing existing hospital accommodation up to standard, overtaking arrears of maintenance and war damage, converting wartime hospitals to serve peacetime uses, and in carrying out urgent schemes of extension and improvement. Improvements are badly needed in nursing staff accommodation (where additional facilities are required to attract staff for the 60,000 unstaffed beds), and in mental hospitals and mental deficiency institutions, to relieve serious overcrowding. New general hospitals urgently required in a number of districts must, however, wait until towards the end of the period.

C224416

CHAPTER V.—DEVELOPMENT OF OVERSEAS TERRITORIES

171. The forty-five Colonies included under the heading of United Kingdom's Dependent Overseas Territories have very varied economies and have reached very different states in social and economic progress. It is a prime objective of British policy to ensure that their future development is conducted for the benefit of the native populations and that increases in trade and production are reflected in a rising standard of living and steady social progress. They have already made a remarkable recovery from the effects of the war.

172. The Colonies have also reached very different stages of political advancement. They are not governed by executive instructions from London. Many, such as Malta and several of the West Indies, are already wholly or nearly autonomous in their internal affairs, with wholly or preponderantly elected legislative bodies. The United Kingdom Government has throughout been in close consultation with Colonial Governments. Most of them have now signified their willingness to join with the United Kingdom in the European Recovery Programme because the purposes of Colonial development are complementary with those of European recovery. Development needs above all a high level of investment in the Colonies and this over a period of years, can be achieved only by a net financial investment from overseas (principally from the United Kingdom) supported by a high level of imports of capital goods and manufactured consumption goods. These the countries of Europe can provide. The imports not covered by net overseas investment have to be financed by the export of food and raw materials, and these in turn are, of course, essential to European recovery, both directly and as a source of hard currencies.

173. The United Kingdom is, therefore, anxious to stimulate Colonial exports as an integral part of the recovery programme, and a substantial net investment in the Colonial areas as a whole during and beyond the period covered has been allowed for in the balance of payments calculations. Furthermore, unless the sterling area maintains a sufficiently high level of exports to the Colonies, the net dollar earnings of the Colonies will be reduced either because production will fall off or because it will be essential for a larger proportion of the dollar earnings of Colonies to be spent on essential imports.

174. In all plans for this development, Colonial authorities have to recognise that, apart from limitations on the supply of capital from outside sources, there are internal limits on the rate of investment as a whole. Pushed too far too fast it would give rise to conditions that would have the gravest consequences to social welfare and stability. Further, since the Colonies are, broadly speaking, now in the early stages of their development, a high proportion of investment must be concentrated on basic services, on health and education, on transport, irrigation and water supplies, and research. It would be inconsistent with trusteeship, and would moreover be economically impracticable, to subordinate progress in these fields, fundamental to the healthy development of the native communities, to a breakneck increase in food and raw material production wholly designed for export. Nevertheless a large development of exports is fundamental to an increase in the standards of living of the indigenous peoples.

175. It is unnecessary in a document dealing primarily with European affairs to give details of the schemes in hand or in preparation in the fields of education, transport and other basic services. Important work is proceeding on the expansion of secondary and technical education and the training of teachers. Four new university colleges, three in Africa and one in the West Indies, and a new university in Malaya are being established. In health the emphasis is on preventive work and the training of local medical staffs. Much work is being done on malarial control, particularly in Cyprus, Trinidad and British Guiana. Over $12 million has been allocated in the last two years for research. Special efforts are being devoted to locust control. Geodetic and topographical surveys have been undertaken in East and Central Africa, Malaya, North Borneo and Sarawak, in which the Royal Air Force is taking part. An expenditure of about $80 million has been approved for road and railway development, including the construction in Africa of a trunk road linking Northern Rhodesia with the Tanganyika, Kenya and Uganda road systems, and thence through to the Sudan.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224417

176. The following notes describe the main food and material programmes that have an especially direct bearing on Colonial exports, and thence on European recovery :—

177. *Groundnuts.*—The total Colonial output for export of decorticated nuts is expected to rise to 880,000 metric tons in 1952–53, as compared with 300,000 tons in 1936 and 335,000 tons in 1946. In East Africa a large scheme for the production of groundnuts by mechanical methods was started in 1946. Exports on a small scale are due to begin in 1949 and are expected to increase to over 460,000 tons of decorticated nuts annually when full production is reached about 1953. In West Africa the shortage of locomotives and rolling-stock has made it impossible to move all the crop to the coast in recent years. By 1950 these difficulties should have been overcome.

178. *Sugar.*—Annual production of the principal Colonial producing areas for the period 1937–39 averaged 980,000 tons. Steps are being taken to improve the efficiency of the industry in the various Colonies and considerable sums of money are being spent on research. The chief shortage has hitherto been of fertilisers, and the total colonial demand for sugar cultivation has not yet been met, though every effort is being made to increase supplies. Sugar production, which had fallen to 740,000 tons in 1945, should reach 1,400,000 tons in 1952–53.

179. *Rubber.*—Production of rubber which was 400,000 tons in 1936 is expected to rise to 830,000 tons in 1952–53 This is an important earner of dollars : in 1947 exports to the United States were valued at about $180 million.

180. *Tin.*—Tin is produced in the Federation of Malaya and Nigeria. Nigerian production, however, is expected to decline gradually in a few years time, unless new discoveries are made. It is at present running at about 8,000 tons of ore per annum. Peak production was reached in Malaya in 1940 with a figure of 82,000 tons of tin content, but the industry has had to be restored after the Japanese occupation from 1941 to 1945 and Government loans totalling some $30 million have been made. Production in 1947 amounted to 27,500 tons of tin, and during the June quarter it was running at the rate of 59,000 tons a year. In 1947, 17,000 tons to the value of about $28 million were exported to the United States. Total production of tin ore for both Malaya and Nigeria in 1950 is expected to be about 94,500 tons.

181. *Copper.*—Northern Rhodesia is the only British Colonial producer of copper apart from a comparatively small production of concentrates in Cyprus. Northern Rhodesia produces both blister and electrolytic copper. Production in 1952–53 is expected to reach 340,000 tons as compared with 195,000 tons in 1947 and 144,000 tons in 1936. The postponement of normal development work during the war and transport difficulties have led to a temporary decline in production from the war-time peak. The planned expansion of production and the proposed doubling of electrolytic refining in Rhodesia will effect dollar savings.

182. *Cobalt.*—Cobalt is produced in Northern Rhodesia in association with copper. Present output is about 400 tons a year. The installation of a new refining plant in the copper belt should make available some 1,200 tons of cobalt (metal) a year from 1951 or earlier. All the ore produced will then be refined in Northern Rhodesia and the metal and various compounds produced on the spot.

183. *Bauxite.*—Bauxite is at present being produced in British Guiana, the Gold Coast and the Federation of Malaya and there are deposits in Jamaica. Under present conditions virtually all British Guiana bauxite is exported to Canada and the United States. There are various deposits of bauxite in the Gold Coast and the reserves have been tentatively estimated at something in the neighbourhood of 230 million tons. Under present conditions large-scale exploitation is not economic. Total Colonial production of bauxite may rise to nearly 2 million tons by 1952–53.

184. *Lead.*—The only Colonial territory now producing lead is Northern Rhodesia. Sulphide ores are now being worked by shaft working and production of pig lead has increased from a few hundred tons a year to 16,000 tons in 1947. Lead deposits have been discovered in Tanganyika and active steps are being taken to develop them, including the building of a railway of about 120 miles to link up the deposits with the main line. Colonial lead production in 1952–53 may amount to about 35,000 tons.

C224418

185. The following table summarises some of the principal production figures :—

metric tons

	1936	1946	1952–53 (*Forecast*)
Groundnuts (exports only) ...	300,000	335,000	880,000
Sugar	980,000	895,000	1,400,000
Rubber	400,000	435,000	830,000
Tin	78,000	27,500	94,500[1]
Copper	158,000	202,000	356,000
Cobalt	885[2]	475	1,200
Bauxite	160,000	1,250,000	1,950,000[1]
Lead	580	16,000[3]	35,000

[1] 1950; [2] 1937; [3] 1947.

186. Funds for these developments are available from a variety of sources. Under the Colonial Development and Welfare Acts of 1940 and 1945 $480 million have been made available from United Kingdom funds over the ten years 1946–56; Colonial Governments' surplus balances are very large, and further loans can be raised on the British market. The seventeen major long-term development plans which have already been approved provide for total expenditure from all three of these sources of $750 million. These long-term plans provide for the general expansion of basic economic services, social services, and the development of research in each of the territories. A few examples have already been given in paragraph 175. They do not normally include substantial provision for projects of a purely commercial character. To meet this need, there are two British Government Corporations, the Overseas Food Corporation and the Colonial Development Corporation, with authorised capitals of $200 and $400 million respectively, local savings, private investment, and the possibilities, still under examination, of E.C.A. loans and finance from the International Bank.

187. The major difficulties in connection with these large expansion plans are likely to be supply of the capital goods required and all the technical experts, skilled tradesmen and technicians required. The provisional estimates of United Kingdom exports in 1952–53 allow for a very substantial increase in machinery supplies and in steel. Whether they can be attained or exceeded depends on the actual development of the balance of payments, and thus on many uncertain factors. Much depends also upon the exports of capital goods and consumption goods that the other countries of O.E.E.C. plan to make when the joint recovery programme is prepared. It is also obvious that to the extent that the joint recovery programme increases supplies from the Western Hemisphere of scarce capital goods it will assist colonial production either directly or, by adding to supplies available in the United Kingdom and thereby enabling increased exports of such supplies to the Colonies to be released from the United Kingdom production.

188. There is also an important field for international co-operation in the provision of skilled technicians, particularly trained agricultural and scientific staffs, the shortage of which is at present a factor in limiting development in many direct and indirect ways. It must, however, be understood that the numbers required are relatively very small and that the main solution must lie in the increasing substitution of trained locally recruited personnel rather than in any considerable employment of technicians from abroad, which would be unacceptable to the Colonial peoples.

189. Lastly there are hopeful possibilities of improving the administrative efficiency of health and research programmes by joint consultation between the Colonial authorities of different nations, and in the joint planning of transport and communication developments. A number of valuable conferences have already been held on matters concerned with education, health, labour and the prevention of disease in Africa. More are already planned in the next two years. It is the United Kingdom's desire to develop such co-operation to the limit.

190. The plans described contemplate a large increase in the contribution of the Colonies to European recovery. In 1947 Colonial exports to the United Kingdom were about $600 million. In 1948–49 they are expected to run at about $800 million, at the price levels assumed in preparing the programme for this year. By 1952–53, on the provisional calculations given in Chapter VI, this total should have increased to $950 million. Against these receipts exports from the United Kingdom are expected to rise from $930 million in 1948–49 to some $1,000 million in 1952–53. Still more significant, in conditions in

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224419

which the dollar currencies will still be scarce, is the expected increase in the Colonial dollar surplus. Already in 1947 the Colonies had recovered to the point of having a small dollar surplus; in the current year this has been running at a rate of about $150 million.

191. *Assistance towards United States Stockpiling.*—Under the provisions of Article V of the Economic Co-operation Agreement between the United Kingdom and the United States, the United Kingdom Government have undertaken to facilitate the transfer to the United States of materials which are needed by the latter for stockpiling or other purposes and to promote the production of these materials. Preliminary discussions have already taken place between the United States and the United Kingdom authorities with a view to ascertaining what materials will be needed by the United States Government and what measures the United Kingdom Government can take to carry out their obligations. The United Kingdom Government for their part intend in collaboration with the Colonial Governments to take all possible steps to increase the production of materials which the United States Government may require and are already considering the measures to be taken for this purpose. They recognise the importance which the United States Government attach to chrome and manganese.

C224420

CHAPTER VI.—ESTIMATE OF THE BALANCE OF PAYMENTS IN 1952–53

(1) INTRODUCTORY

192. The four previous chapters have described the principal policies which the United Kingdom proposes to follow in order to solve its balance of payments problem and achieve independence of external economic assistance by 1952–53. As has already been pointed out, these policies must be flexible and to some extent provisional. It is impossible to forecast with precision what position will be reached in 1952–53 as a result of these policies. Too much depends upon world economic developments outside the control of the United Kingdom and the other Governments with which it is co-operating. But an attempt has been made to prepare a set of estimates of a realistic kind. These are based upon four assumptions :—

(i) that there is a high level of business activity throughout the world, and that this leads to a high level of demand for imports (especially in the Western Hemisphere);
(ii) that the United States Government provides sufficient funds between now and 1952 to permit the full development of the European Recovery Programme;
(iii) that substantial progress is made in European co-operation, particularly in the "fields of activity" to which O.E.E.C. is giving special attention;
(iv) that a reasonable amount of East–West trade within Europe is possible on commercial lines.

193. The results are presented in this Chapter. They show that, on the present assessment of the prospects, and on the assumptions made about the factors it cannot itself control, the United Kingdom expects to achieve the objectives it has set itself. But they show, too, that the balance will not be reached at all easily.

(2) OVERSEAS EARNINGS

194. A major factor in restoring the overseas balance will be the increase in earnings from exports. After an analysis of sales possibilities, product by product and market by market, taking account of the expressed desire of most of the world's Governments to increase trade, it is believed that in the early 1950's the United Kingdom should be able, year in year out, to maintain exports at a rate of 150 per cent. of the 1938 volume. This represents, on the information now available to the United Kingdom, a realistic assessment of the prospects, and has been taken as the appropriate figure for planning purposes. With uniformly favourable conditions a higher figure might be reached; it would be of advantage to the United Kingdom's economy if it could, and the additional supplies for export (after appropriate adjustments to import and home production plans) could be produced.

195. In achieving a level of exports half as great again as in 1938 and well above even the level of the peak years of world trade (1927–29), reliance is placed upon the recovery of solid fuel exports to about 40 million tons (including bunkers), and continuing expansion of equipment and textile exports. Domestic policies to assist these expansions have been discussed above. Some diminution in sales of miscellaneous products has been allowed for.

196. Net invisible earnings are also expected to make a very large contribution. The most important item is likely to arise from the increased oil production of the British companies discussed in paragraphs 89–95. Also significant will be increased shipping earnings (paragraphs 131–139 above). A recovery of earnings from foreign investments is expected, but in 1951 obligations require to be met under the Anglo-American and Anglo-Canadian Financial Agreements of 1946, and provision is made for them; this is the main element of amortisation included in the balance of payments—no allowance is made for amortisation of private loans. In the rest of the "invisible" field, continued recovery is expected in earnings from the traditional services performed by London, such as insurance. In total, net invisible earnings are expected to be $1,053 million, compared with $140 million in 1948–49; at this level, net invisible

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224421

earnings will be much the same in value as they were in 1938, but their buying power in terms of imports will be little more than one-third of that of 1938.

197. In calculating export earnings and earnings from oil sales the level of prices assumed in preparing the 1948–49 programme for O.E.E.C. has been used in accordance with the instructions received from the Council. The corresponding import prices have been adopted for the import programme discussed below. There is, of course, every reason to expect substantial changes in many of these prices.

(3) OVERSEAS EXPENDITURE

198. On these assumptions total earnings from exports, re-exports and net invisibles have been estimated at over $8,400 million in 1952–53. Not all of this can be applied directly to imports. Allowance has to be made for foreign investment and the repayment of debt. The need to provide for net lending for the development of the dependent overseas territories has already been discussed in Chapter V. In other parts of the sterling area development now proceeding will likewise require to be financed. Many of these are as important to the United Kingdom as anything in the home investment programme. There are, moreover, countries, both in the sterling area and outside, with large sterling balances which will need to use part of them. On the other hand, some countries may be accumulating sterling assets. For the purposes of this estimate the net capital outflow for these purposes together has been put at a figure of $400 million, but it would be advantageous to increase this figure if possible.

199. There will thus remain available for imports a sum of about $8,000 million. At the prices assumed this will permit a volume of imports 10 per cent. higher than in 1947, but still less by about 15 per cent. than the volume in 1938. It is, in fact, much the same in volume as the import programme for 1948–49, but it should be possible as a result of developments of agriculture, oil refining, engineering and chemicals at home and of greater world supplies of basic products to change its composition to the advantage of the economy as a whole. Some imports regarded as essential elements of the present import programme could be reduced and release funds for increased purchases of other supplies which cannot now be afforded.

200. Thus food imports might be reduced significantly below the 1948–49 level in value, but this lower level of food imports, combined with increased output from home agriculture, would allow consumption to be distinctly above 1947 levels. Raw material imports must be increased to take account of rising industrial production and productivity, though the consumption of pulp and paper, and above all of timber would continue to be below pre-war levels. In spite of a smaller expenditure on petroleum, the consumption of petroleum products could increase by over 20 per cent. above 1948–49 as a direct result of the oil refinery programme. Similarly, imports of machinery and some manufactured goods could be reduced below the 1948–49 level without hardship.

201. The following table summarises the possible composition of the balance of payments in 1952–53 compared with 1947 and 1948–49 :—

$ million

	1947 *(Current prices)*	1948–49[1] *(Programme prices)*	1952–53
Imports	*6,206*	*8,102*	*8,030*
of which			
Food and agricultural products (incl. tobacco)	3,099	3,849	3,622
Raw Materials	2,116	2,922	3,350
Petroleum	286	524	564
Manufactured Goods	705[2]	807	494
Exports and re-exports	*4,441*	*6,501*	*7,377*
Invisible earnings (net)	*−774*	*+140*	*+1,053*
of which			
Shipping (dry cargo, net)	+121	+267	+359
Travel (net)	−218	−27	−105
Interest and amortisation (net)	+201	+194	+99
Other	−878	−294	+700
Total earnings	*3,667*	*6,641*	*8,430*
Net overseas investment	−2,539	−1,461	+400

[1] These are unadjusted estimates; revised figures will be available before November 1st.
[2] Including 180 ships.

C224422

(4) THE PATTERN OF INTERNATIONAL PAYMENTS

202. The overall balance of payments which the United Kingdom hopes to have secured by 1952–53 is not in itself sufficient to secure full stability in the overseas financial situation. Achieving an overall balance is sufficient only when a surplus with one country can be used to offset a deficit with another. This can happen only if all important countries' balances of payments are in reasonable equilibrium.

203. The geographical distribution of the estimated balance of payments for the United Kingdom may be summarised as follows :—

$ million at programme prices

	Western Hemisphere	*Other Non-Participants*	*Sterling Area*	*Participating Countries (Non-sterling)*	*Total*
Expenditure—					
Imports (f.o.b.)	1,888	1,177	3,216	1,749	8,030
Shipping	267	46	162	303	778
Travel	40	4	121	200	365
Interest, Profits and Dividends	255	38	153	100	546
Normal Amortisation	95	—	29	—	124
Total	2,545	1,265	3,681	2,352	9,843
Receipts—					
Exports and Re-exports (f.o.b.)	1,455	990	3,492	1,440	7,377
Shipping	351	47	478	261	1,137
Travel	150	5	65	40	260
Interest, Profits and Dividends	205	25	430	40	700
Normal Amortisation	—	13	—	56	69
Other Receipts (net)	93	11	32	564	700
Total	2,254	1,091	4,497	2,401	10,243
Balance on Current Account	−291	−174	+816	+49	+400

204. These figures relate to the United Kingdom alone. In considering the United Kingdom's financial position *vis-à-vis* other groups of countries, however, the significant relationship is not the surplus or deficit of the United Kingdom alone, but the surplus or deficit with the group of the whole sterling area, and even this may be somewhat modified by payments of sterling between non-sterling countries of the kind described in paragraph 63 above. Sterling is an international currency and this means that it is impossible from United Kingdom trade figures alone to forecast the precise sterling position of other countries or groups of countries. The following paragraphs give a brief commentary on some of the factors underlying the distribution of payments indicated in the table above.

205. *Western Hemisphere.*—The earnings of $1,455 million from exports and re-exports to the Western Hemisphere shown represent an increase of $800 million, or 120 per cent. over the level of 1947, and over $500 million, or 55 per cent. over the level achieved in the first half of 1948. It is believed that exports to the United States might continue to rise above the 1947 level of about $195 million to some $340 million in 1952–53. Exports to Canada are forecast as rising during the same years from $180 million to $365 million. In invisibles likewise, the most vigorous possible efforts are being made to increase dollar earnings, *e.g.*, in tourism which is expected to yield $150 million in 1952–53. But this will be offset by the service of the United States and Canadian Loans ($190 million) and the service of E.C.A. loans.

206. Increases of earnings even of this magnitude would close less than half a Western Hemisphere deficit of the scale of that in 1947. A reduction of imports has therefore to be provided for below the exceptionally high level of 1947. In that year, in common with most other European countries, the United Kingdom imported a greater volume of goods from the Western Hemisphere than in 1938, despite a large contraction in total imports from all sources. The import programme shown is therefore $1,000 million below the 1947 total and $450 million below the programme for 1948–49. It takes full account of the possibilities now foreseen of obtaining supplies of essential goods in the rest of the world, above all in the Sterling Area and in the participating countries. Thus the temporary

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224423

over-dependence upon Western Hemisphere supplies which largely contributed to the dollar crisis of 1947 will be relieved by a return to traditional sources of supply.

207. Even with these changes there remains a deficit of nearly $300 million with the Western Hemisphere. It is estimated that this can be covered by the gold production and dollar earnings of the rest of the sterling area together with United States commercial investment in the United Kingdom and the rest of the sterling area. But this, of course, turns on the maintenance of a strong demand in the United States for the raw materials which are produced in the sterling area, and a continuing restriction of dollar imports by the other sterling area countries themselves. Indeed, this entire balance depends upon the ability and willingness of the United States to absorb sterling manufactures, petroleum products and raw materials, and upon continued economy in dollar expenditures throughout the sterling area. The United Kingdom for its part has no intention of allowing its present estimates of the absorptive capacity of the Western Hemisphere to limit its efforts to maximise its Western Hemisphere earnings. But the balance now envisaged is precarious and depends to a considerable extent on factors outside the control of the United Kingdom.

208. *Other Non-Participants.*—On the estimates submitted, the United Kingdom has a prospective deficit of some $175 million with the non-sterling, non-participating countries of the Eastern Hemisphere. Of this deficit, about half represents the Soviet Union and Eastern Europe, and half is attributable to the other countries, particularly the Middle East.

209. The general scale of trade with Eastern Europe envisaged in these estimates is appreciably less than that ruling before the war. It can be assumed for practical purposes that the trade between the sterling area and this group of countries will broadly speaking balance, allowance being made for deliveries of raw materials from the rest of the sterling area.

210. With the other non-participating countries a marked United Kingdom deficit is shown; this is attributable partly to the very high prices assumed for certain primary products from these countries, and partly to the heavy local expenditures involved in the expansion of oil production. The rest of the sterling area is likely to have a surplus with these countries taken as a whole, and it should be possible to match some of these deficits against surpluses with participating countries in the manner already described. It is not the United Kingdom's intention to seek bilateral balance with every country or group of countries, and this appears to be a case in which multilateral settlement of surpluses and deficits can readily take place.

211. *Rest of Sterling Area.*—The United Kingdom normally has a heavy surplus on current account with the rest of the sterling area. For 1952–53 it is estimated at about $820 million—a much smaller figure, at present prices, than that normally ruling before the war. It has been assumed earlier that the gold production and net dollar earnings of the non-participating sterling area would cover the United Kingdom deficit of $300 million with the Western Hemisphere; these countries may have a surplus with the non-participating countries and on present indications are likely to have a tendency to surplus with the participating countries. By the normal workings of the sterling area system, these surpluses of the outer sterling area countries are matched against their current deficit with the United Kingdom. The remainder of the surplus is accounted for by the net overseas investment already discussed.

212. *Participating Countries.*—It appears that the tendency now developing for the United Kingdom to be in surplus with the other participating countries will persist into 1952–53. If the rest of the sterling area likewise tends to be in surplus with the other participating countries (as it is now) the latter, taken as a whole, will be confronted with a difficult sterling problem. This should to some extent be covered by multilateral use of sterling—for example by the financing of the United Kingdom's deficit with the non-dollar countries—and the possibilities of this will no doubt be fully explored. But it is perhaps likely that after taking account of all such possibilities, the participating countries as a whole will tend to be short of sterling.

213. In this balance of payments submission, it has been assumed that this is the likely state of affairs. The United Kingdom's exports to these countries have been stated at a somewhat lower figure than that which is expected in

C224424

1948–49; imports have been put some 10 per cent. above 1948–49, and tourist expenditure by United Kingdom citizens has been allowed for at a rate about a third above 1947, when a large foreign exchange ration was allowed for tourism.

214. In framing the import programme, increased supplies of essential products from the other participating countries have been assumed. It is only by making this assumption, indeed, that it has been possible to reduce the United Kingdom dollar deficit to manageable dimensions. This import programme therefore concentrates heavily upon essential supplies to the United Kingdom—cereals, oils and fats, bacon, dairy produce, iron ore, timber, &c. Allowance is made for quotas for manufactured goods substantially above those of 1947. It is, of course, possible to envisage an increase above this level in the mutual trade of the United Kingdom and the participating countries without disturbing the pattern of multilateral payments here assumed. It is to be hoped that this will take place. The vital consideration underlying the present estimates is, however, the mutual adjustment of the economies of the participating countries so as to provide sources of essential supplies which it will no longer be possible to obtain from the Western Hemisphere in 1952–3.

215. The picture which is presented of the United Kingdom balance of payments in 1952–53 is therefore one in which viability could unquestionably be secured at a very high level of production and a reasonable level of consumption—if it were possible to offset surpluses against deficits. But in fact the balance with the dollar area will be precarious, though fully possible; the extent of the difficulties which the United Kingdom will encounter in securing this balance will depend largely upon her ability to draw essential supplies from the Commonwealth and from the other participating countries.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C 224425

CHAPTER VII.—CONCLUSIONS

(1) THE SCALE AND CONSEQUENCES OF THE UNITED KINGDOM'S PROGRAMME

216. The preceding chapters have described the problem before the United Kingdom, the policies it is intended to pursue, and the manner in which they may lead to a solution of the problem of the balance of payments. The productive efforts that the United Kingdom intends to make are on a huge scale, and apply to every sector of productive industry.

217. Agricultural output is to be increased above the highest point reached in the war years. It is hoped to raise coal output by a quarter, generating capacity by a half, and to double the world-wide production of the British oil industry as compared with the 1947 levels. The export of coal is to be restored to its high traditional scale. Steel output, already pressing at the limit of available capacity, is to be increased by a sixth above the present level. The engineering industries, already half as great again as before the war, are to be called upon to expand still further. Corresponding efforts are to be called for from other industries. A massive investment programme, carefully concentrated upon the vital sectors of the economy, is designed to support these targets, and to foster the production overseas of commodities essential to the recovery of Europe.

218. The following figures illustrate the proposed development of production in some major sectors of the economy :—

	Pre-war†	1947	1948–49	1952–53
Grain production	4·6	6·3	7·6	8·4
Meat and Bacon production	1·5	0·9	1·0	1·5
Milk and Milk Products production ...	7·3	8·0	8·0	9·0
Solid Fuels production	254	223	244	286
of which Coal	233	201	218	257
Electric Power production	21·3	42·6	45·0	55·0
Steel production	11·4	12·7	15·0	17·0
Copper consumption*	266	356	381	427
Cotton consumption*	619	368	457	473
Wool consumption*	190	191	223	232
Synthetic Fibres production*	61·2	92·1	122	200
Timber consumption	12·6	6·3	6·7	7·7

All in million metric tons except, those marked * which are '000 tons, electricity (in billion kwh.), and timber (in million cubic metres of sawn timber excluding sleepers).

† Average of 1935–38, except for milk and milk products 1936–38, other foodstuffs 1934–38.

219. Broadly speaking this Programme provides for an expansion of output in manufacturing, mining, agriculture, building and public utilities taken as a whole to a level about one-third above pre-war and, despite a constant or slightly declining labour force, to increase manufacturing output by a quarter in the five years from 1947 to a level about 40 per cent. above 1938. This expanding output will make possible an estimated expansion of exports by nearly two-fifths above the level achieved, after two years' intensive effort, in 1947, and this in turn will support a considerable increase in raw material imports. At the same time the supply of capital equipment to home industry should increase to a level about 15 per cent. above 1947. As has been shown in paragraphs 26–28 the United Kingdom has already made substantial progress towards these objectives.

220. A growth of output and trade of this magnitude will, besides reducing the balance of payments problem to manageable dimensions, permit a distinct increase in home consumption per head beyond not only the somewhat meagre standards of 1947 but, in many respects, beyond pre-war levels. The supply of manufactured goods for the consumer should rise 15–20 per cent. above the 1947 level, with clothing and household goods somewhat above the pre-war level. There should be sufficient supplies of the chief energy-producing foods and notable increases in the 1947 levels of consumption per head of meat, eggs, oils and fats. The consumption of food as a whole would approach the pre-war volume and the more equal distribution of the national income which has been secured in recent years would imply that the standard of food consumption of a large part of the population should be markedly better than before the war.

C 224426

(2) THE ROLE OF EXTERNAL ASSISTANCE

221. This strenuous effort by the United Kingdom would be impossible without the continuance of external assistance during the period of recovery. Aid is necessary to enable the United Kingdom to continue to acquire essential supplies from the Western Hemisphere on a scale which otherwise could not be afforded. In the revised estimate of United Kingdom expenditures of just over $2,000 million on dollar goods and shipping services submitted by United Kingdom to O.E.E.C. and E.C.A., food and tobacco accounted for nearly $600 million, raw materials for $650 million, oil, tanker services and oil equipment nearly $400 million, machinery and manufactures $150 million and shipping services over $200 million. This programme was based on the assumption of aid, as recommended by O.E.E.C., of $1,263 million. As the United Kingdom's long-term programme develops, the need for aid to finance dollar area imports will decline for two reasons : the replacement of dollar supplies from non-dollar sources, and the increase of dollar earnings. Aid is essentially required to give time for these fundamental adjustments.

222. The absence or the inadequacy of aid would, in the first instance, show itself in a reduction in the years before 1952 in the supplies of food, raw materials, machinery or oil presupposed in the programme set out in the preceding chapters. The implications of such a deficiency are clear. A reduction in the supplies of food would endanger first the nutrition of the British people and thus in time undermine the drive for increased productivity on which so much of the United Kingdom's hopes for the future depend. Without this assistance it would be necessary for the United Kingdom to devote more of its resources to meeting its essential food needs, so reducing correspondingly the home investment programme and the exports of capital goods required for the development of the participating countries and the associated overseas territories. More directly, any substantial cut in raw material supplies would inevitably imply a corresponding cut in home investment and in exports of capital goods—in the rate of industrial re-equipment at home and in the contribution which the United Kingdom can make to development overseas. Hope would have to be abandoned of carrying through the great developments in the United Kingdom economy which are the basis of this programme.

223. It is thus seen that the assistance of the United States plays a vital part in the United Kingdom's recovery plans. But it also strengthens the United Kingdom's capacity to co-operate with the other countries of O.E.E.C. in the pursuit of joint recovery plans. It contributes to the stability of their currencies thus enabling the gradual strengthening of multilateral trade. The position of the United Kingdom as the centre of a large group of nations trading in sterling is such that any setback in its recovery would have widespread repercussions that would spread throughout the economic systems of the world. The immediate measures of self-protection enforced by such a setback might start a downward spiral that could not easily be halted.

(3) THE IMPORTANCE OF INTERNATIONAL CO-OPERATION

224. Co-operation with the other countries of the British Commonwealth and the participating nations has an importance no less decisive than that of external assistance in this programme. It is needed not only in order that the United Kingdom can surmount the problems before it, but still more in order that it can play its full part in the joint endeavour of European recovery. The programme presented in the foregoing chapters is provisional. It is in its present form no more than one nation's contribution to discussions from which a joint programme is to emerge. It can within limits be modified to conform with the needs of such a joint and integrated plan.

225. The development of trade with other countries of the British Commonwealth, based on the steady expansion of their production and that of the United Kingdom, is vital to the recovery of the United Kingdom. It will be of parallel importance to the programmes of the other participating countries. The Commonwealth countries are a great source of supplies of imported food and raw materials which are essential to the development of the participating countries and the United Kingdom proposes to initiate discussions with the other Commonwealth countries about the possibilities of developing their resources to the mutual advantage of themselves and the O.E.E.C. countries.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224427

226. These proposals as they stand already imply a high degree of co-operation between the United Kingdom, its associated overseas territories, and the other participating countries. In the first place the United Kingdom is making a major contribution to the solution of the European economic problem as a whole by surmounting the United Kingdom dollar problem. Of the aid allocated for this year one-quarter is for the United Kingdom. By the operation of the policies indicated in this Programme the need for aid will entirely disappear and with it one-quarter of the total European problem. The production and export programmes of the United Kingdom, as outlined above, contemplate the supply of vital products—for example, oil, coal, agricultural and other machinery—in great quantities and, in some cases at least, at no small expense in dollar resources and in restrictions on the United Kingdom economy. From the participating countries, on the other hand, the foregoing plans presuppose increased imports of essentials, both raw materials and foodstuffs. The plans outlined here for reducing the United Kingdom dollar deficit to manageable dimensions are dependent upon the realisation of this changed pattern of imports from the participating countries.

227. It is the United Kingdom's hope that, in its examination of the programme presented in this document side by side with those of the other participating countries, the Organisation for European Economic Co-operation will find scope for developing joint plans in many particular sectors that will hasten still more the attainment of European recovery. The United Kingdom has already tabled with the O.E.E.C. a list of fields of activity for intensive study, leading, it is hoped, to early and profitable results. The examination of the national plans of the participating countries may point to dangers of wasteful duplication or opportunities for further expansion. Further types of co-operation among the Governments of overseas territories may suggest themselves. The scrutiny of the balance of payments estimates may indicate to each participating country types of output, the expansion of which would in the long run serve both to assist the difficult balance of intra-European trade and thereby the smooth working of a multilateral system of trade and payments. Studies of this kind will, it is hoped, lead the participating countries towards a joint programme that will provide the basis both of short and of long-term co-operation. Just as a long-term programme for a particular nation is needed to guide the preparation of its annual programme, so a joint strategy for European recovery is needed to guide the development of particular measures of co-operation.

228. In this programme much emphasis has been laid on the necessity for removing obstacles to increased production. In equal measure it is necessary to remove the barriers to increased trade. The United Kingdom has worked, and will continue to work for the reduction and elimination of these obstacles on a mutually advantageous basis and towards the goal of full convertibility of currencies and a freer flow of international trade.

229. The preparation and execution of a Joint Recovery Programme, in which full account is taken of these objectives, calls for a common effort in the whole field of administrative and productive endeavour unprecedented in its scope and urgency. The United Kingdom is prepared and anxious to make its full contribution to the success of this enterprise.

C224428

SECRET

P.M.M. (48) 3

7th October, 1948

MEETING OF PRIME MINISTERS

ECONOMIC AFFAIRS—GENERAL

NOTE BY THE SECRETARIES

WE circulate herewith memoranda, prepared by the United Kingdom Government, on the following economic questions:—

(i) The effect of United Kingdom bilateral trade policy on supplies to the rest of the Commonwealth (Annex A).

(ii) Trade with Japan (Annex B).

(iii) Implications for the Commonwealth countries of European Recovery Programme (Annex C).

(iv) European payments scheme and trade rules (Annex D).

(v) Attitude of the United Kingdom Government to a Western European Customs Union (Annex E).

(vi) Co-operative planning in specific fields of European economic activity (Annex F).

(vii) The world economic position in 1952–53 (Annex G).

(Signed) NORMAN BROOK.
J. G. LAITHWAITE.

Cabinet Office, S.W. 1,
7th October, 1948.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224429

ANNEX A

THE EFFECT OF UNITED KINGDOM BILATERAL TRADE POLICY ON SUPPLIES TO THE REST OF THE COMMONWEALTH

The effect of our bilateral trade negotiations on the supply of goods, particularly capital goods and scarce commodities, to other parts of the Commonwealth has been the subject of various representations. It may be useful to set out the facts as we see them.

2. In general our bilateral arrangements with foreign countries are a direct consequence of the absence of a multilateral system of exchanges, which means that in order to keep trade moving and increase the availability of goods, particularly (but not entirely) in Europe, Governments have to make arrangements with the object of ensuring that individual buyers and sellers can procure or dispose of quantities of goods adequate to maintain the economy of the country concerned. There are many commodities in short supply of which we are thus enabled to augment our imports. One result of that is that other countries acquire sterling which they can use to purchase wool and other goods from the Commonwealth, thereby preserving a market for these things and furnishing the other Commonwealth countries with additional sterling for purchases in the United Kingdom. Another result of course is that the foreign countries wish to spend some of their sterling in the United Kingdom. It is the demand thus created rather than any " commitment " we undertake which creates a pressure on the United Kingdom production of capital goods and scarce commodities. And it is the total demand in relation to supply rather than any priority arrangements which causes what difficulty there is in supplying customers.

3. Apart from the arrangement with Russia which is *sui generis*, bilateral trade negotiations with foreign countries amount to no more than an examination of the extent to which they will be prepared to sell to us goods which we require, in the light of the extent to which, having regard to our commitments to Commonwealth and other countries, we can supply goods against demands which the foreign country is likely to make. It must be remembered that these demands will not be wholly from the foreign Government but from private importers whose exact demands can only be approximately forecast. Apart from certain specially scarce commodities referred to in paragraph 6 below, the most we can do is to indicate broadly availabilities of particular classes of goods.

4. Although for reasons understood and followed in Commonwealth countries we have been encouraging manufacturers and traders to sell their goods in hard currency countries, particularly in the Western Hemisphere, in general we do not direct exports to particular markets. Commonwealth countries, being valued as traditional markets, are attractive to exporters and there is every indication that their share of United Kingdom exports (of every kind, capital goods, consumer goods and the scarce commodities described below in paragraph 6) is not declining. It has sometimes been suggested that the machinery figures in our bilateral agreements are such that they must hinder our manufacturers from accepting new business from Commonwealth countries and delay the carrying out of old contracts. It is true that, under the Russian Agreement, we undertook to facilitate the placing of contracts for a wide range of specified and rather specialised machinery (we have, in fact, got tenders into the hands of the Russians but most of these have been rejected) and also indicated (though we did not pledge ourselves to) prospective dates of delivery. In no other negotiations have we entered into similar commitments or mentioned delivery dates for comparable items; the amounts written in the bilateral agreements in respect of machinery are estimates of the deliveries which would take place in any event largely against orders placed in previous years; they do not represent firm commitments to ensure that a given country receives an increased flow of capital goods or, indeed, any fixed quantity at all.

5. Immediately after the war our order books were filled up with long deferred demands, principally of Commonwealth countries, but also of foreign countries. It would cause endless confusion and reduce both production and exports to go in for any widespread administrative interference with manufacturers' order books. It should be noted, however, that with machinery as with other things, we must, by any means of encouragement or assistance that are

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

practicable, try to ensure that a proper degree of importance is attached to orders for the hard currency markets (which, of course, includes Canada), to whom it is of paramount necessity that we increase our exports.

6. There are, finally, a few commodities in acutely short supply over which we can exercise a greater degree of control, *e.g.*, steel, coal, cement, soda ash, caustic soda and some textiles. This control is, in no case, direct compulsory allocation in detail; the distribution of exports we are compelled to seek, even in these items, can only be achieved by co-operation with the industry concerned and can never be completely rigid and predetermined. Nevertheless, it is with respect to these commodities that we have to make more specific commitments in our bilateral agreements than those already described. Even these commitments are not firm guarantees that a given volume of supplies will be provided. What we do is to undertake to "use our best endeavours" to facilitate the country in question buying—through the normal channels—the agreed amount. We implement this by detailed discussions with the industry concerned as to the distribution of *all* its exports to all destinations. This gives us and the industry every opportunity to keep the Commonwealth demands in focus and ensure the Commonwealth gets fair shares. Indeed, because of a sort of natural preference, Commonwealth orders tend, in practice, to have rather better treatment from the producers, whose co-operation we retain all along.

ANNEX B

TRADE WITH JAPAN

A.—Trade Negotiations with S.C.A.P.

I.—*Introductory*

In the immediate post-war period the financial arrangements with Japan were most unsatisfactory from the point of view of the sterling area. The Supreme Commander for the Allied Powers could only accept payment in dollars for Japanese exports, and could not get dollars from his Government for expenditure on imports from countries other than the United States; we were therefore getting the worst of both worlds. In an effort to rectify this state of affairs, protracted negotiations took place; these culminated early in 1948 in the conclusion of the Overall Payments Agreement, under which trade between the sterling area and Japan was to be conducted in convertible sterling. Japan still remained a hard source of supplies, since under the Agreement S.C.A.P. had the right to convert his sterling accumulations at six monthly intervals; but the understanding was that he would only do so if those accumulations exceeded his prospective requirements of sterling over a considerable period.

2. As well as the United Kingdom and the Colonies (excluding Hong Kong), all the sterling area Dominions are parties to the Overall Payments Agreement. The exclusion of Hong Kong is due to her special position; her large entrepôt trade with Japan would lead to a serious dollar drain if she were included in the arrangements covering the rest of the sterling area, and for the time being she is meeting this deficit with United States dollars purchased on her free market in exchange. (The position of Hong Kong is in fact complicated and difficult; it is now under re-examination by His Majesty's Government.)

3. Once satisfactory payments arrangements had been made, the stage was set for the expansion of trade between the sterling area and Japan. It was therefore proposed that there should be negotiations in Tokyo between S.C.A.P. and as many of the sterling area countries of the Commonwealth as wished to participate in the discussions. The negotiations took place in July and August of this year, and, in addition to representatives of the United Kingdom and the Colonies, delegations from Australia, New Zealand and South Africa participated in full, and Indian observers attended and took part in the discussions. The general aim of the negotiations was to secure balanced trade between Japan and the sterling area participants as a whole at the highest level; since, under the Overall Payments Agreement, a sterling area deficit involved the possiblity of dollar settlements, the sterling area could not afford a deficit, and equally S.C.A.P. was not prepared to import more from the sterling area than his sterling earnings would allow. A particular aim was to secure the inclusion of Japanese textiles manufactured from cotton of United States origin in the sterling payments arrangements; these had been excluded from the terms of the Overall Payments Agreement.

4. So far as the sterling area was concerned, the advantage of a joint negotiation on the lines proposed, as distinct from a series of bilateral negotiations, was that the sterling area participants who were likely to be in deficit with Japan would benefit from the fact that others were likely to be in surplus. A particular benefit was that it would secure for the sterling area large quantities of cotton textiles, of which there was a very serious shortage in the Colonies; textiles from Japan for sterling are to be regarded as dollar savers, since the Colonies are marginal buyers of dollar textiles.

II.—*Summary of Agreement with S.C.A.P.*

5. The main negotiations in Tokyo have now been concluded, and as soon as all the Commonwealth participants have notified their acceptance of the proposals, letters are to be exchanged between S.C.A.P. and the sterling area negotiators confirming that the following arrangements will govern trade between Japan and the sterling area during the year ending July 1949:—

(*a*) Trade will be conducted on a sterling basis, payment and credits being dealt with in accordance with the Overall Payments Agreement amended to include cotton textiles exported from Japan whatever the origin of the raw cotton from which they are made.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224432

(*b*) The parties to the arrangements will do everything in their power to facilitate the exchange of the commodities listed in an agreed balance sheet drawn up in the course of the discussions (see below), on the understanding that this balance sheet is not to be regarded as committing either party but simply as "a reasonable computation made in good faith of the volume of sales and purchases." (The understanding has of necessity to be expressed in this form, since the implementation of the arrangements will depend to a great extent on private traders, and Commonwealth Governments cannot guarantee that their nationals will in fact carry out the sales and purchases estimated.)

(*c*) Each party to the arrangement undertakes to expend on imports from the other party the full amount of its earnings from exports to that party under the arrangements.

(*d*) Provision is made for consultation if it emerges that either party is failing significantly to supply or export commodities on the scale indicated in the agreed balance sheet.

(*e*) Special machinery is to be devised for the regular exchange of information on the implementation of the trade arrangements.

III.—*Summary of Balance Sheet*

6. The following table shows the estimated purchases and sales by each of the sterling area parties to the Agreement. The figures are all in millions of dollars, and the items in the fourth column relate to trade with S.C.A.P. during the period before the Overall Payments Agreement became effective.

	Estimated Purchases	*Estimated Sales*	*S.C.A.P.'s Debt in respect of Past Sales*	*Surplus*
United Kingdom and Colonies ...	54·4	46·7	4·0	− 3·7
Australia	18·5	19·7	...	+ 1·2
New Zealand	2·5	2·5	...	0
South Africa	6·8	8·2	...	+ 1·4
India	26·3	28·5	12·0	+14·2
				+13·1

The above figures are those provisionally agreed in Tokyo. The Government of India has, however, now drastically revised its figures, and proposes increased purchases and reduced sales. The final Indian figures are not yet available, but it seems clear that the Indian surplus may be reduced to something of the order of $2–$4 million. The balance in favour of the Sterling Area may therefore be more or less eliminated.

7. The above figures cover a large number of items, but the main commodities to be supplied by the various parties to the Agreement are as follows:—

United Kingdom—
- Salt.
- Wool Waste and Rags.
- Crude Oil.
- Sisal.

Colonies—
- Rubber.
- Tin.
- Iron Ore.
- Sago Flour.
- Coconut Oil.

Australia—
- Wool.
- Wheat.

South Africa—
- Wool.
- Coal.

New Zealand—
- Wool.

India—
- Cotton.
- Iron Ore.
- Manganese Ore.
- Coal.
- Jute.
- Oilseeds.

Japan—
- Raw Silk.
- Silk, Rayon and Woollen Yarns.
- Cotton Textiles.
- Silk, Rayon and Woollen Manufactures.
- Caustic Soda.
- Cement.
- Iron and Steel.
- Canned Food.

IV.—*Processing of the Arrangements*

8. Consideration has now been given to the special machinery which, as provided in the exchange of letters, is to be devised for supervising the implementation of the Agreement. The balance sheet is, necessarily, of a tentative nature and does not purport to be all-inclusive. The Sterling Area participants, therefore, will wish to consult with each other in good time should the adjustments, as they occur, look like creating a serious unbalance, with a view to adopting remedial action in a way which will protect the interests of the Sterling Area as a whole. The participants will also wish to agree between themselves on a fair division of such Japanese goods in short supply as S.C.A.P. can be persuaded to make available to them.

C224433.

9. It has been decided that a special co-ordinator should be appointed to watch the forward position in Tokyo on behalf of all the sterling area participants and report periodically to the Governments concerned. As regards consideration of the action to be taken on these reports, with particular reference to the adjustment of the balance sheet, it is considered that the best place for this is London, where representatives of all the sterling area participants are available. It is, however, understood that some of the other Commonwealth participants would prefer the working party to meet in Tokyo and, in order to get the arrangement working, they have been told that we agree to this as an interim arrangement.

B.—Most Favoured-Nation Treatment for Japan

1. The United States have been trying for a considerable time to get from us and others an undertaking to give most-favoured-nation treatment to the exports from Japan and Korea. The United States Administration attach the utmost importance to reducing the cost to the American taxpayer of maintaining the Japanese economy. This they can only do by increasing exports; and Congressional opinion is that the granting of most-favoured-nation treatment by other countries to Japanese exports would increasingly facilitate the attainment of this objective.

2. Having raised the matter without success first at Havana, then during the Tripartite Talks on Germany in March, and again in connection with the drafting of the O.E.E.C. convention in April, the Americans tried to secure their objective by the insertion of a clause in the draft Bilateral Economic Co-operation Agreements. We resisted this for the following reasons:—

(1) We were still at war with Japan and no peace treaty had been made or was under consideration.

(2) The matter of the status of Japan from a commercial and economic point of view was for decision by all those countries who took part in the war against Japan.

(3) The proper tribunal to which both the United States and ourselves had agreed that such matters should be referred was the Peace Conference or, pending that, the Far Eastern Commission.

(4) We could not take any action in this matter except by agreement with the other Powers concerned in the war against Japan and particularly the other Commonwealth countries so concerned.

(5) There was no connection whatever between the 18 nations of Western Europe and Japan. The great majority of them never took any part at all in the war against Japan.

(6) It was unfair and unethical to drag this issue into E.R.P. discussions.

(7) From an economic point of view it would be definitely inimical to the interests of the Western Union and European co-operation to force any condition upon European Powers which would make Japan an equal entrant to their markets with their own neighbours in Western Europe.

(8) The United Kingdom and its colonies could not afford to be compelled to buy goods from Japan whether for dollars or sterling.

(9) There would be an immediate and justifiable outcry by the workers and industrialists of this country (and of Lancashire in particular) if this agreement were to be made without consultation with them or indeed at all, and there is no conceivable justification that the United Kingdom Government could put forward for their action. In the event we induced the Americans to accept our point of view; but we did undertake to discuss the matter with them further in an attempt to reach a satisfactory solution.

3. The next development came when the Americans notified us that they were considering seeking signatures at the G.A.T.T. Conference in Geneva to

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224434

a protocol giving most-favoured-nation treatment to Japan on a reciprocal basis. We took the line that, as we had already told the State Department, it was impossible for us to commit ourselves in any way until we had had an opportunity of consulting both the other Commonwealth countries and British industry.

4. In the meantime we sent telegrams to the Governments of the Commonwealth countries and also of the European signatories to G.A.T.T., sounding them as to their attitude to the American request. In reply we received a considerable volume of support for at least postponing the consideration of the question. The result was that in the event the Americans withdrew their proposals for the collection of signatures at Geneva to a draft agreement, or for the appointment of a sub-committee of G.A.T.T. The United Kingdom Delegation was, however, authorised to discuss the question purely informally and without any commitment whatever with the American delegates outside the Conference, advancing the argument that other considerations apart we could not consider ourselves granting or supporting the grant by other nations of most-favoured-nation treatment to Japanese exports until we had a firm guarantee against either S.C.A.P. or the Japanese engaging in commercial malpractices such as multiple exchange rates, concealed subsidies and so on.

5. Apart from this question of an exchange rate for the yen, there are obvious political implications to be considered, both here and in the Commonwealth. Australia, New Zealand and South Africa have taken the same line as the United Kingdom at Geneva, and the first two Governments, as well as the Indian Government, have stated that in their view the F.E.C. is the correct body to consider and formulate policy, and that nothing should be done to prejudice its rights in the matter.

6. In the event, the Americans did not wish to pursue the matter even informally at Geneva. They have, however, now raised the matter again, and advantage should be taken of the meeting of Commonwealth Prime Ministers to discuss the next step with Commonwealth representatives.

C224435

ANNEX C

IMPLICATIONS FOR THE COMMONWEALTH COUNTRIES OF EUROPEAN RECOVERY PROGRAMME

1. The Commonwealth Governments and their representatives in London have already had copies of the basic documents. These are :—

(i) The Convention for European Economic Co-operation, setting up the O.E.E.C. and defining its purposes;

(ii) The Economic Agreement between the United Kingdom and United States Governments;

(iii) The United Kingdom Programme for 1948–49, 1949–50 and the Long-term Programme.

By the time the Commonwealth Prime Ministers meet, the revised 1948–49 Programme will have been sent on to the Economic Co-operation Administration by the O.E.E.C. The 1949–50 Programme and the Long-term Programme were sent to Paris on 1st October, but we have made it clear that the Long-term Programme is not to be regarded as final until after the meeting with the Commonwealth Prime Ministers.

2. Commonwealth Governments have been kept constantly and closely informed of all matters connected with E.R.P. Major developments are reported regularly in telegrams which are sent direct to Commonwealth Governments. More detailed information is also currently supplied through their representatives on the Commonwealth Liaison Committee in London. This Committee, of which Mr. Makins of the Foreign Office is Chairman, meets fortnightly and is attended by representatives of all the Commonwealth High Commissioners in London. Developments in connection with E.R.P. are explained fully at the meetings and Commonwealth representatives are free to raise any points that may be of interest to them.

3. In addition, discussions have already taken place with some Commonwealth Governments on matters arising out of the Long-term Programme and on development planning generally. The Chancellor of the Exchequer, on his recent visit to Ottawa, has discussed these matters with the Canadian authorities, and officials of the Governments of Australia and New Zealand have recently been engaged in detailed discussions with C.E.P.S. and other authorities concerned. It is hoped that representatives of other Commonwealth Governments will also take the opportunity for similar discussions on matters of detail while they are in London.

4. Commonwealth Prime Ministers will thus be familiar with the main outline of E.R.P. and of the ways in which it is likely to affect their interests.

Objects of E.R.P.

5. The main purpose of O.E.E.C. is to enable the Participating Countries as soon as possible to achieve and maintain a satisfactory level of economic activity without extraordinary outside assistance. What this means in fact is that they should attain dollar viability, collectively and as far as possible individually, by the end of the E.R.P. period, that is 1952–53. To this end the Organisation has requested each Participating Country to submit, by 1st October, a Four-Year Programme showing how it intends to attain dollar viability by 1952–53. These programmes will be considered by the Organisation between 1st October and 15th November, and are due to be forwarded on the latter date to the Economic Co-operation Administration as part of a general plan, drawn up by the Organisation, for the Participating Countries as a whole. The part which the United Kingdom hopes to play in the rehabilitation of Europe is set out in its Four-Year Programme. The successive stages of this Programme are given in the 1948–49 and 1949–50 Programmes.

The Four-Year Programme

6. The Four-Year Programme will be an important document for the meetings since it is the latest and fullest exposition of economic problems before the United Kingdom, particularly in its external economic affairs. But it is not final until both the other members of the Commonwealth have discussed it and it has been examined side by side with the programmes of other participating countries in Paris. This may involve significant changes. In its present form it is an answer to a request from O.E.E.C. for a statement of the policies we propose to follow to become independent of aid in 1952–53. The Programme shows that on the assumptions that we can sell 150 per cent. of 1938

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224436

exports at present terms of trade and succeed in turning the large invisible deficit of 1947 into a net surplus of £250 million, we can reach "viability," with imports at 80–85 per cent. of the pre-war level. To deal with the dollar problem a substantial switch of imports from the Western Hemisphere to the Sterling Area and the rest of the world has to be achieved, as well as a determined effort to increase gold and dollar earnings. Further essential parts of the programme are the rapid development of home agricultural, steel and coal output, and other export or import saving industries. There is also implied a high level of industrial investment in the United Kingdom and the promotion of economic development in the Colonies and other countries of the Commonwealth. Throughout the Programme it is assumed that the people of Britain will make a long sustained effort, that no large scale rearmament is necessary, that there is no American depression, that adequate E.R.P. aid is received in the next three years, and that European co-operation will be a success. Granted these assumptions, both consumption and industrial activity in 1952–53 could be markedly higher than at present despite the cessation of external aid.

General Effect of E.R.P.

7. We should have had to carry out something of the nature of the Four-Year Programme whether Marshall Aid had been forthcoming or not. The main importance of Marshall Aid is that it gives us time to put through such a programme without a disastrous fall in our standard of living. Without dollar assistance in this or some other form, we should have had to try to attain dollar viability without having time to make the necessary industrial and economic adjustments. This would have meant reducing raw material imports, with the consequent loss of exports and rise in unemployment, and drastic reductions in our standard of living and in the Investment Programme. One of the consequences would have been that far less goods would have been available, both from this country and from Europe, for the Commonwealth countries. Moreover, without Marshall Aid we should have been forced to ask the Rest of the Sterling Area countries to restrict still further their dollar deficits; this would have adversely affected their standard of living also. The Long-term Programme shows how we propose to use Marshall Aid to achieve viability by 1952, whilst in the meantime maintaining living standards and securing a reasonably satisfactory rate of investment.

Maintenance of Sterling Area Reserves

8. It is a major object of our policy not to let the central reserves of the Sterling Area fall below their level at the beginning of the E.R.P. period. Since the beginning of the E.R.P. period the reserves have, in fact, fallen because we make our dollar purchases in the ordinary way and then have them reimbursed from E.R.P. funds. There is a delay in this process of reimbursement, but on the whole the amount of E.R.P. funds due to us is equivalent to the reduction in our reserves since the beginning of April. The job of maintaining the reserves is, therefore, being achieved so far.

9. It is essential to this objective that the dollar deficit of the Rest of the Sterling Area should be included in our dollar balance of payments for E.R.P. purposes. We fix our dollar expenditure programme according to the amount of E.R.P. aid which is available. Clearly if the dollar deficit of the Rest of the Sterling Area were not taken into account, we should be unable to escape a reduction in the Sterling Area reserves, whatever we did to our own dollar import programme. The dollar deficit of the Rest of the Sterling Area (other than Colonies) is estimated at $169 million in 1948–49.

10. In this policy of including the dollar deficit of the Rest of the Sterling Area for E.R.P. purposes, we have the full support of all the other Participating Countries, and our contribution to the Intra-European Payments scheme is dependent on this deficit being met. The United States Administration is sympathetic to this point of view and is trying to find some way in which it can cover the deficit without running into trouble with Congress. If it fails to do so, the results will be extremely serious, as the whole of the work in Paris in connexion with the 1948–49 programme and the Intra-European Payments Scheme was based on the assumption that the Sterling Area dollar deficit would be taken into account in assessing the United Kingdom allocation of aid. The Americans are, however, probably influenced by some sort of ideas on the following lines:—

(*a*) They feel that the net result, so far as the Rest of the Sterling Area is concerned, is that they get out of the general pool $169 million without having had their programmes scrutinised either in Paris or Washington. The Americans agree that there may be excellent reasons why the R.S.A. should have these dollars, but fear the criticism that they are the only people whose dollar deficit would be met without going through the established procedure of producing programmes for scrutiny by O.E.E.C. and E.C.A.

C 224437

(*b*) Canada, Australia, New Zealand and South Africa are, of all countries in the world, those most comparable with the United States in standard of living, way of life, &c. They have suffered no more than the United States from actual devastation due to war. Yet, according to the American point of view, notwithstanding what they may have done in the past (*e.g.*, Australian and New Zealand gifts in 1947, the Canadian Loan, the South African gold loan, &c.), and, notwithstanding what they may be supplying by way of goods, they appear at present to be making no obvious financial contribution, with the exception, of course, of Australia's £8 million gift. The Australian decision to contribute £8 million was very well received by the Americans and has undoubtedly improved the prospects of a decision in favour of including the deficit of the non-participating sterling area for E.R.P. purposes.

11. It is probably for some such reasons as these that E.C.A. suggested some time ago that they should make direct approaches to non-Participating Commonwealth Governments with the object of asking them to make direct contributions to E.R.P. They are not disposed to regard the deferment of an immediate return in the form of goods (reflected in an increase in the sterling balances of the Rest of the Sterling Area countries) as a sufficient contribution, since this involves a deferred liability on the United Kingdom economy which the United States are endeavouring to make permanently stable by large free gifts during the E.R.P. period. We have, of course, lost no opportunity of countering the American arguments and making the position quite clear to them; we have throughout urged E.C.A. most strongly that this matter can be left to the discretion of the Commonwealth Governments concerned.

12. A message dated 3rd October from Washington informs us that Mr. Hoffman told the Chancellor that he would agree to the inclusion of the R.S.A. deficit, and that he would be informing the Watchdog Committee accordingly. Mr. Hoffman's agreement was only obtained after a long discussion in which the American representatives raised various issues such as extra sterling area contributions and a close watch on the flow of commodities from the rest of the Sterling Area to O.E.E.C. participants. In face of all these suggestions we maintained the line that we could not contemplate making unilateral declarations or undertakings regarding matters concerning the Commonwealth. Further information will be available in due course.

European Trade and Payments

13. The details of the European Payments Scheme and Trade Rules will be found at Annex D. The principle of conditional aid (*i.e.*, the making of part of the dollar aid to European creditor countries conditional on their making an equivalent sum in their own currency available to debtor countries) meant that the conception of off-shore purchases could be abandoned, and will enable the Participating Countries' sterling deficit to be met without recourse to that process. It is the United Kingdom view that an essential part of the scheme is the establishment of Trade Rules, the underlying principles of which are that debtor countries must be economical in their external expenditure and do their best to increase their exports, while creditor countries must be as liberal as they can in their import policy and try to help the debtors by not insisting on the export of inessential goods that the latter do not require for their economic recovery.

14. The short effect of the Payments Scheme is that the other participating countries will, during 1949, have available the sterling equivalent of some $500 million with which to pay for imports from the United Kingdom and the Rest of the Sterling Area. It is estimated that about 30 per cent. of this money will be spent in the United Kingdom and the remainder in Australia and other sterling area countries. The United Kingdom proportion will constitute unrequited exports, notably machinery, ships, tractors and other capital equipment. In so far as the other 70 per cent. is spent in other sterling area countries it will represent assistance by them, to the extent that they part with goods for which they get no immediate return in the form of goods or services. The supplies involved

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224438

will consist substantially of raw materials such as wool, wheat, rubber, &c., which are all vital for the European economy, the revival of which is an essential prerequisite if markets for these products are to be maintained in the long term.

United Kingdom Supply Commitments to Europe

15. The Commonwealth Governments have shown some anxiety lest our commitments to Europe, either under E.R.P. or in connexion with Bilateral Negotiations, should prevent them from getting the commodities they need, particularly in the field of capital goods, from this country. This is a matter which we have had constantly in mind. The position as regards our commitments under bilateral negotiations is set out in Annex A.

16. As regards E.R.P., it is evident that the extension of greater credits to Europe must to a certain extent increase the competition for our exports. For instance, in the process of cutting down the 1948–49 programmes of the Participating Countries to bring them within the amount of United States aid, certain suggestions were made as to imports which might be switched from Western Hemisphere to other sources of supply. Nevertheless we have throughout refused to enter into specific commitments to the Participating Countries. (The only exception to this is coal, where we have undertaken to provide 6 million tons in 1948, and in fact expect to export nearly 10 million tons of solid fuel in the 1948–49 period.)

17. The $500 million credit does not imply any change in this policy. The figure was arrived at as the result of a realistic estimate of the trade which was likely to move between each Participating Country and the Sterling Area as a whole during the course of 1948–49. It is therefore a method of financing trade which might otherwise have been frustrated. It is in no way a commitment to supply specific goods or to increase our exports beyond the volume which we would have expected them to reach in the normal course of events. As regards possible switches, some small increase in our exports to Europe may arise to the extent that United Kingdom goods are concerned and that the switches are translated in the event into actual transactions.

18. Finally, it should be emphasised—

(*a*) That the credits granted under the Payments Scheme are a *sine qua non* of receipt of dollar aid, which has enormous advantages for the Commonwealth countries, and

(*b*) In so far as E.R.P. assists in the rehabilitation of Europe, it will enable the United Kingdom and the other participating countries to produce more of the goods needed by the Commonwealth countries than would otherwise have been the case. It will also make Europe a more stable market than it might otherwise have been for the products of the Commonwealth countries.

Other Long-term Commitments which might Affect the Commonwealth Countries

19. The Customs Union Study Group is still continuing its work and we shall continue to take part in the discussions. So far these have been carried on separately from the more general question of long-term European co-operation, but we hope that in the future it may be possible to relate the question of a Western European Customs Union more closely to the wider field to be covered by O.E.E.C. Studies of possible integration in selected fields are only at their inception and it is too early to guess what their practical effect may be. It is possible, however, that they may point the way to some permanent form of European co-operation which would be more selective than a Customs Union and would fit in better with our Commonwealth associations and other vital interests. Separate notes on Customs Union and Fields of Activity will be found in Annexes E and F.

European Economic Co-operation

20. It is not yet possible to get a clear picture of what precisely European economic co-operation is going to mean in practice. A certain amount has already been done through the E.C.E., *e.g.*, coal allocations. The recent work in Paris in dividing the aid for 1948–49 and in drawing up the European Payments Scheme is a tremendous step in this direction and represents a high degree of co-ordinated economic activity. The next steps are likely to emerge from the preparation by the Organisation of the long-term plan for Europe, based on the individual plans which have been submitted. The process of fitting together individual plans will throw up many fields for co-ordinated activity, but it is still impossible to foresee their exact nature.

C224439

ANNEX D

EUROPEAN PAYMENTS SCHEME AND TRADE RULES

I.—Introductory

It has become apparent in the discussions in Paris that the lack of balance which exists in European trade, and the payments difficulties to which this leads, form a problem second only in importance to the problem of the dollar deficit. Just as there is a persistent scarcity of dollars amongst the countries of Europe, so those countries themselves have become divided into two classes—those who are persistent net creditors in Europe and whose currencies therefore tend to be scarce, and those who are persistent net debtors and cannot therefore purchase within Europe the imports which they need. This difficulty leads in turn to a second, that since some European currencies have become "harder" than others, European currencies are no longer freely convertible one with another. The result is that trade can no longer be carried on through a multilateral system in which a country can offset its surpluses with one country against a deficit with another. Instead, bilateral relationships have been substituted, the object of which is to produce an exact balance in trade and payments between each pair of countries. These tendencies have had a restrictive effect upon European trade.

2. For some countries, some means to bridge the gap in their European payments is urgently needed. France, for example, is faced with a serious deficit in her trade with the sterling area; and most countries in Europe are unable to balance their payments with Belgium. A solution of this problem is not only of great importance to European recovery, it is also closely linked with the problem of the dollar deficit. The United States, for example, can hardly be expected to meet large demands from participating countries for the export of steel so long as European supplies of steel are not being fully used as a result of payments difficulties. Moreover, the European countries themselves cannot build up their economies so as to make themselves independent of American aid by 1952 unless they can import essential goods and services from other participating countries.

3. To meet this situation, measures are needed falling broadly under two heads:—

(1) Some system of financial assistance to cover the deficits of participating countries with one another.

(2) The formulation of a common commercial policy designed to enable debtors and creditors to bring their balance of payments more closely into equilibrium with one another at the highest possible level of trade.

Action under the first head is intended to assist in the achievement of the aim stated in the second. A system of financial assistance alone may provide a palliative for the existing disequilibrium, but cannot of itself provide a cure. It must be emphasised, therefore, that the action under the two heads must go together and that the scheme now being worked out in Paris is one for the restoration of European trade on a healthy basis and not merely one to remove current payments difficulties.

II.—Financial Assistance to Cover European Deficits

4. After many schemes had been considered, it was agreed that the financial assistance to be given under the first head should be linked with the distribution of dollar aid. The method finally worked out, and embodied in the present plan, divides into two parts the dollar aid received by each participating country which is a creditor in relation to the other participating countries:—

(*a*) Unconditional Aid (based upon what has been called the "overall deficit," *i.e.*, the Western Hemisphere deficit of each country, minus its surplus in Europe), and

(*b*) Conditional Aid, equivalent to the European surplus.

Conditional aid would be granted only on condition that the country receiving it would be willing to contribute an equivalent amount in its own currency for the purpose of financing the deficits with it of other participating countries.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

5. The general effect of the scheme is that countries which are creditors in Europe are required to make a free grant in their own currency in the shape of a contribution towards the European Payments Scheme, and only on condition that they do this will they receive the full amount of dollar aid allocated to them for the purpose of covering their Western Hemisphere deficit. Those countries, on the other hand, which are debtors in Europe (whose "overall deficit" is therefore larger than their Western Hemisphere deficit) will receive, in addition to the dollar aid allocated to them to cover their Western Hemisphere deficit, indirect aid in the shape of drawing rights upon their European creditors.

6. Each participating country, therefore, besides receiving a certain sum in dollars, undertakes to make grants in its own currency to other participating countries with whom it is in a creditor position, and receives in its turn grants from those participating countries which are in a creditor position towards it. For the purposes of the European Payments Scheme, participating countries will thus fall into three classes :—

(i) Net Creditors—which will make grants exceeding the total of the grants received by them from other participating countries.
(ii) Net Debtors—for whom the grants received will exceed the grants made, and
(iii) Intermediate countries—which received on balance no more than they themselves contribute.

7. As indicated in paragraph 3, the major objective of the scheme is to facilitate the development of trade in Europe along lines which will lead to restoration of the external equilibrium of the participating countries and so facilitate orderly progress towards multilateral trading. With the assistance of the grants provided under the Scheme, participating countries will be enabled to take part in a scheme of multilateral compensation to be operated by the Bank for International Settlements on the lines already followed in what is known as the Basle Compensation Scheme. The general effect of these arrangements, which will, it is hoped, come into force on 1st October, 1948, will be to enable countries to offset a surplus with one participating country against a deficit with another, instead of seeking to achieve an exact balance in their payments with each country. This becomes possible to a greater degree under the European Payments Scheme because the granting of assistance by the creditors to the debtors should go some way to remove the existing disparity between what are now known as "hard" and "soft" currencies.

III.—Measures to Bring European Trade into Balance

8. Action under the second main head referred to in paragraph 3 above has been taken by drawing up a set of Trade Rules. These Rules are designed to bring the participating countries more closely into equilibrium in their accounts with one another. As the major creditor in Europe we felt entitled to ask that such rules should be accepted as a condition for our participation in the European Payments Scheme. The debtor countries have made no difficulty about this, but have seen in the formulation of Trade Rules an opportunity to get the necessary assurances, for their part, that they should be able to use the financial resources to be made available to them under the Payments Scheme to good advantage in the form of goods and services of the kind they need for their recovery programmes.

9. For purposes of restoring equilibrium in Europe the rules revolve round the essential principles that debtor countries must be economical in their external expenditure and do their best to increase their exports, while creditor countries must be as liberal as they reasonably can in their import policy and try to help the debtors when it comes to exporting goods that the latter do not require for their economic recovery. The broad result should be that pronounced creditors and debtors should get nearer to a balance, while countries that are already in approximate equilibrium would contribute to this balance by buying more from the debtor countries and selling more to the creditors.

10. As regards the question of assuring essential supplies to debtor countries, we have first of all got it clearly prescribed in the rules that it is the duty of every country to do its best to maintain and increase essential supplies to the others so far as it can afford to do so without prejudice to its own recovery programme. Then, in order to reconcile debtor countries to relying on European sources of supply instead of standing out for a bigger share of direct dollar aid

to finance such supplies from the Western Hemisphere, the rules provide that net creditors shall facilitate the use of the monies they are putting up for the purchase of necessary goods and, in particular, that all countries should do their best to increase exports of products which it is understood should be supplied within Europe as a corollary to the agreed division of direct aid.

IV.—The United Kingdom Contribution

11. Contributions and drawing rights provided under the Scheme are set out in the table annexed to this note. It will be seen that the United Kingdom has undertaken to make a net contribution of sterling equivalent to $282 million, divided as follows :—

	$ million
France	200
Italy	25
Austria	25
Bizone	46½
French Zone	5½
Greece	10
	312
Belgium (receipt)	30
	282

12. The net deficit of the other participating countries with the sterling area as a whole was estimated in O.E.E.C. at $491 million. The $209 million uncovered by the grants can be financed by existing means of finance, and particularly the drawing down of sterling balances. This will, like the grants, represent supplies of goods and services by the sterling area as a whole without immediate return in the form of goods.

13. This large sterling area surplus underlines the importance which the United Kingdom attaches to the Trade Rules and to the urgent need for European co-operation to right the disequilibrium. It is hoped that substantial progress will be made by the debtor countries in 1948–49 in order to close this gap—and to close it by means which contribute to the United Kingdom's basic economic problem of reducing its dollar deficit.

14. In terms of supplies, the United Kingdom is expecting to export to the other participating countries at a substantially higher level than in 1947. Exports of machinery, ships, tractors, vehicles and other capital equipment are estimated at around $585 million; exports of steel at around 330,000 tons; exports of coal and coke at around 10 million tons; sales of crude oil and petroleum products by British-controlled companies at around 15 million tons, or $425 million; shipping services to a value of $200 million. In each of these fields, except coal, the supplies to be provided by the United Kingdom are comparable in amount to those which will be provided to the other participating countries by the United States.

TABLE SHOWING CONTRIBUTIONS AND DRAWING RIGHTS OF PARTICIPATING COUNTRIES UNDER THE EUROPEAN PAYMENTS SCHEME

	Contributions	*Drawing Rights*	*Net Contribution (minus) or Net Drawing Rights (plus)*
	(In millions of U.S. dollars)		
Austria	3·1	66·6	+ 63·5
Belgium–Luxembourg ...	218·5	11	– 207·5
Denmark	5·1	11·9	+ 6·8
France	9·7	333	+ 323·3
Greece	...	66·8	+ 66·8
Italy	47·3	27	– 20·3
Netherlands	11·3	83	+ 71·7
Norway	13·5	45·3	+ 31·8
Sweden	34·8	9·8	– 25·0
Turkey	28·5	8·8	– 19·7
United Kingdom	312	30	– 282·0
Bizone	108·8	98·6	– 10·2
French Zone	14·8	15·6	+ ·8
	807·4	807·4	

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

ANNEX E

ATTITUDE OF THE UNITED KINGDOM GOVERNMENT TO A WESTERN EUROPEAN CUSTOMS UNION

1. At Paris on 12th September, 1947, the United Kingdom Government, together with other Governments now members of O.E.E.C., agreed to a declaration that they would "create a Study Group for the purpose of examining the problems involved and the steps to be taken in the formation of a Customs Union. . . . ." As has repeatedly been stated, this declaration and participation in the Study Group set up in Brussels involves no commitment to enter a Customs Union. The United Kingdom Delegation to the Study Group has throughout made it clear that the purpose of the study was merely to provide the evidence on which Governments could base a decision whether or not to enter a Union. The other participants agreed with this United Kingdom view.

2. Observers from various Commonwealth countries have attended most of the main meetings of the Study Group, and Commonwealth Governments have been kept generally informed of the various lines of enquiry which the Study Group has been pursuing, in particular, the study of a common tariff and of the effect on certain sectors of industry, including agriculture, of the creation of a Customs Union. It is now possible to give some information about the studies which have been made on the possible effects of a Customs Union on various industries. The studies which the United Kingdom submitted to the Study Group in Brussels showed that in the case of about two-thirds of the industries examined a Customs Union would be likely to cause some degree of damage to United Kingdom industry or have an unwelcome effect—not always great—on trade covered by preferences accorded by the United Kingdom. Examples of commodities in respect of which a Customs Union would be liable to cause some interference with trade at present facilitated by imperial preference arrangements, were maize, pears, dried fruits, *i.e.*, currants, sultanas and raisins, wines, butter, cheese, bacon and ham, sugar, motor vehicles and pneumatic tyres. These studies, together with the studies submitted by other countries, were considered by technical sub-committees in Brussels in September. The reports of the sub-committees in general confirmed the conclusions reached in the studies submitted by the United Kingdom.

The international political aspect

3. A decision in favour of a European Customs Union would go a long way to convince the Americans that we were in earnest in our attempts to make E.R.P. a success, and would therefore assist in the passage of the future appropriations. It is, however, worth noting that Mr. Finletter, head of the Economic Administration Mission to the United Kingdom, has emphasised that it would be mistaken policy for the United Kingdom Government to embark on a project of this nature if they were not convinced that it was sound, and that they should not do so merely to please United States opinion. On the other hand, if we refuse to join a Customs Union, we shall be accused of damaging the prospects of O.E.E.C. and we shall give the impression that we do not really mean business when we advocate a Western Union.

Economic considerations

4. At present the real obstacle to expanded trade among European countries is not tariffs, but the quantitative restriction of imports dictated by balance of payment difficulties. A Customs Union in which such restrictions between members continued would be meaningless. On the other hand, to abolish them in present circumstances would mean going beyond a Customs Union to a more or less full Economic Union which would involve some measure of control by a Union authority over the economic and financial policies of the members. In particular, it would involve a measure of Union control over exchange rates combined with a system of Union rationing of "hard" foreign currencies and with inter-member credit facilities going some way, but not necessarily the whole way, towards a pooling of monetary reserves and a possible right of the Union to intervene in domestic policy in the event of substantial inflationary or deflationary developments in the economies of particular members having severe repercussions on the economies of other members. Some degree of Union control

would also be necessary over the use of subsidies, and the Union would have to have the right to require the discontinuance and scaling down of any internal tax which discriminated against imports from other countries in the Union and of any consumption tax which bore severely on Union imports of which there was no home production. There would have to be also a close Union interest in State trading to ensure that the I.T.O. rules, designed to secure non-discrimination as between the members and to limit protection of home industry, were strictly observed.

5. It would not be easy to bring about the necessary measure of joint action. It is doubtful whether democratic Governments would be willing to give such powers to an international body. If so, there is a strong presumption that if a Customs Union were to survive it would have to move towards a full Economic Union with a single economic and financial policy.

6. Entry into any close Economic Union with the countries of Western Europe, and the consequent removal of restrictions of all kinds on trade between the members of the Union, would require substantial adjustments in many policies which we regard as fundamental, in particular, the system of imperial preference and the sterling area arrangements as well as our policy for home agriculture.

Imperial Preference

7. From the outset we have given great attention to the possible effect of a European Customs Union on the market for goods from other Commonwealth countries. It will be remembered that in the course of the discussions of the Havana Charter the United Kingdom Delegation succeeded in securing a revised draft of the Article dealing with Customs Unions. This revised version has already been incorporated in the General Agreement on Tariffs and Trade. It provides that preferences "shall not be affected" by the formation of a Customs Union but "may be eliminated or adjusted by means of negotiations between affected countries (including countries outside the Union). Further, the Article now permits the International Trade Organisation (or, in the case of the General Agreement on Tariffs and Trade, the contracting parties) by a two-thirds majority to approve proposals for a Customs Union not fully complying with the rules otherwise applicable. All this gives considerable flexibility and leaves to future negotiations the treatment within a Union of preference systems as a whole or of individual preferences. In any such negotiations involving the United Kingdom the other Commonwealth countries could take part. It would be essential to have these negotiations before a commitment was taken by the United Kingdom to enter a Customs Union, and a settlement of the preference problem on lines satisfactory to all countries concerned is a *sine qua non* of our even considering entering a Customs Union. We have made this clear to the countries participating in the Brussels discussions.

8. It is impossible to forecast with confidence how the eventual arrangements would work out. It might prove possible to secure some small departure in our favour from the strict rules. In some cases we might be able to maintain a diminished preference for Commonwealth countries by retaining some duty against Union members. In others we might have it accepted that long-term contracts should afford a certain preference to Commonwealth goods. In some cases the common tariff might be so arranged as to give higher preferences in the United Kingdom over all but Union members. But there is a danger that the other members of the Union could not or would not be willing adequately to compensate the other Commonwealth countries for their loss of preferences in the United Kingdom.

9. The studies referred to in paragraph 2, as to the effects which a Customs Union might have on certain sectors of production, had to be based on certain assumptions about preferences. The assumptions were that where a member of the Union now gives preferences, it is deemed to continue to give such preferences as against other countries which are not members of the Union but not as against the members; except that where goods now enter a country on preferential terms free of duty, they can be deemed to continue to do so. Where before the formation of a Union a member has been giving preferences, any preference which it is deemed to continue to give after the formation of a Union is not deemed also to be given by the other members of the Union. Quota preferences are deemed to have been abolished. These assumptions were, however, only working hypotheses

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224444

intended to give a clear and uniform basis for the studies; they do not prejudice the eventual solution of the problem. The results of the United Kingdom studies, referred to in paragraph 2, show the degree of difficulty which might arise as regards preferences in respect of particular commodities.

Sterling Area Arrangements

10. To go as far as full Economic Union would involve a limitation on our freedom to settle our own exchange rate or, at least, a measure of pooling of exchange reserves. In practice this would mean that a Commonwealth country which was a member of the sterling area would find that its financial relations with the United Kingdom were extended into relations with the Union as a whole. If, for example, it was felt, say, that Australia had too much sterling the responsibility of correcting this by reducing imports, so far as it now falls upon the United Kingdom, would fall on the Union, although the United Kingdom (as the principal consumer of Australian goods) would take the lead. This would mean rationing on the lines appropriate to scarcity of any non-Union currency. Similarly, if Australia found herself short of sterling she would restrict her imports, and financially it would make no difference to anyone whether imports from the United Kingdom or the rest of the Union were in question.

11. The same conversion of relations with the United Kingdom into relations with the Union would presumably take place in regard to the supply to the Commonwealth of non-Union currencies—primarily the dollar. Commonwealth countries would, presumably, have to accept rationing by the Union in the same way as they accept it at present, tacitly or formally, by the United Kingdom. This would probably be very difficult. No doubt the United Kingdom could act as an intermediary and perhaps receive an over all dollar ration for the whole Commonwealth. But in the last resort the Commonwealth would become dependent on the Union for its supply of dollars.

Strategic Considerations

12. We have not examined the strategic considerations but they are obviously of great importance and would have to be examined carefully before we contemplated entering a Customs Union. The economic studies of the Brussels Study Group are being made without reference to strategic considerations which would fall to be examined at a later stage of the Group's work.

Alternative means of economic collaboration

13. In view of the difficulties inherent in a full Economic Union with Western Europe to which a Customs Union would almost certainly lead if it were not to be a sham, and the fact that such a Union could not come into operation for some time and would contribute nothing immediately to the solution of the problems of the viability of Western Europe, we have considered whether it would not be better to pay more attention to alternative means of economic collaboration which would be more immediately effective and at the same time be an earnest to the Americans of our seriousness in promoting European co-operation. What we have in mind is the development of the tentative discussions initiated in Paris in connexion with O.E.E.C. regarding the integration of production in Western Europe. These discussions might be developed with the aim of examining, as regards selected industries, how far the Western European countries could plan new investment in particular countries in the interests of Western Europe as a whole, and how far, by Government action, existing sources of production could be expanded and the free exchange of goods in Western Europe facilitated through the gradual relaxation of quantitative restrictions, tariffs and other barriers to trade. Progress along these lines would be by no means simple. It might involve, without the excuse of a Customs Union, discrimination against non-participants and the repercussions of this on the international economic obligations of the United Kingdom and other European countries would require very careful consideration. Centralised planning would certainly not be easy or readily acceptable to some of the Governments concerned. Moreover, integration might tend to be confined to a few industries in which the difficulties of collaboration were least acute. No really effective collaboration could be brought about without more or less painful adjustments in particular industries.

14. As indicated in paragraph 13, to be effective a plan of this kind would probably necessitate adjustments of United Kingdom tariffs and quotas between

C224445

the participating countries which would involve discrimination against non-participants. Discriminatory quotas could be justified only on the ground of balance of payments difficulties. Discriminatory tariffs entailing some departure from most-favoured-nation principles and perhaps reducing the value of preferences enjoyed by the Commonwealth might also be involved. Discriminatory tariffs would be permissible under existing international obligations only in the case of a full Customs Union. Indeed, it might, in practice, be found, if the adjustments required under this policy were really substantial, that it would be easier to bring them about if something very nearly approaching a Customs Union existed. If so, we could not avoid the difficulties inherent in a Customs Union although, in so far as the alternative arrangements had a smaller scope, the difficulties would be confined to a smaller range of industries.

15. To proceed on these lines would not involve a definite rejection of the Customs Union plan as a long-term solution. But we are continuing, without of course entering into commitments, to proceed with the Study Group in Brussels and propose to try to ensure that its work is closely co-ordinated with the studies of the Joint European Plan which are being initiated in Paris. This would, we hope, result in attention being concentrated on the more urgent and practical steps to be taken to facilitate European collaboration rather than on the particular method of a Customs Union. The progress of these studies during the winter should enable the United Kingdom Government to form a more definite view on the Customs Union proposals in relation to alternative schemes for expanded economic collaboration between the countries of Western Europe which the United Kingdom Government might sponsor, and to consider how far such a plan of collaboration might need to contain elements of the Customs Union method as well as other approaches to the problem.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224446

ANNEX F

CO-OPERATIVE PLANNING IN SPECIFIC FIELDS OF EUROPEAN ECONOMIC ACTIVITY

1. The United Kingdom long-term programme prepared for submission to the O.E.E.C. represents a major contribution to the solution of the European economic problem. By surmounting the dollar problem and planning for supplies of vital products to participating countries it assists Europe to achieve in 1952–53 a reasonable level of economic activity without extraordinary external aid. The effectiveness of the United Kingdom contribution will largely depend upon the degree to which the resources of the other participating countries are mobilised individually and collectively to the same end.

2. The individual contributions of the other participating States will be presented to the O.E.E.C. in the form of similar long-term programmes. From the examination of these will emerge the adequacy, or otherwise, of the various national targets for the achievement of a viable European economy within the planning period. From this, too, will emerge a picture of the overall economic strategy, in the light of which many adjustments in the national programmes will undoubtedly be indicated.

3. The establishment of the required trends and, in particular, the revival of intra-European trade, will involve more or less painful adjustments in the pattern of production, exports and imports. For this purpose the close and continuous co-operation of all participating countries will be indispensable.

4. The first approach must be through a study of how the resources of the participating countries can be applied in given fields of activity in a manner calculated to serve their interests as a whole. It will not be necessary to wait upon the final agreement on the long-term programme to initiate action. In many of the important fields of activity an immediate consideration of possibilities for joint action both on a short- and long-term basis is possible.

5. Where comparison of the national plans throws up shortages of raw materials, action to remedy them has clearly to be related to the capacity of plant and equipment in the later stages of the industrial process. This will, in turn, call for a review of the various types of capacity available, so that shortages in capacity at particular stages of production may be matched, whenever practicable, by surpluses elsewhere. The most effective starting-point for the consideration of expanded production will be increased productivity through the more efficient utilisation of existing resources. New investment will be required for most stages of the industrial process, and the relative efficiency of different types of investment will have to be reviewed in the light of common interests of the participating countries.

6. The choice between dollar-earning and dollar-saving projects has to be considered in the light of a review, on the one hand, of the overall export possibilities for given types of output in the dollar area, and, on the other, of their potential contribution to the difficult balance of intra-European trade and the ultimate development of a multilateral system of trade and payments.

7. The solution of the dollar problem and the revival of intra-European trade contemplated by the United Kingdom in its long-term programme entails important economic developments in its overseas territories. The possibilities of further increasing the production of dollar-earning and dollar-saving raw materials in other overseas territories may suggest opportunities for co-operation between the Governments concerned.

8. The United Kingdom, for its part, has already tabled with the O.E.E.C. a list of the following fields of activity, as offering scope for the development of joint plans, the study of which might lead to early and profitable results. The United Kingdom has not as yet entered into any commercial commitments in relation to these projects.

C224447

I.—Food and Agriculture

Cereals

9. The first of our suggestions to the O.E.E.C. was that a main objective of European co-operation should be a substantial increase in the output of cereals. The main object is to recover pre-war production. Owing to the difficulties of procuring adequate supplies of coarse grain from overseas or from Eastern Europe the European livestock population cannot recover to its former scale unless more coarse grain can be grown in Europe itself. The uncertainties in Eastern Europe have induced us to seek to obtain wheat and coarse grain from the O.E.E.C. countries and their dependencies. The United Kingdom 1952–53 import programme includes an item of half a million tons of wheat and/or coarse grain from France and North Africa. This gives us a direct interest in European cereals expansion.

10. We recognise that if cereals production is to be rapidly expanded in Europe it will be necessary for large quantities of nitrogenous fertilisers to be supplied. More agricultural machinery to compensate for the reduction in the rural population will also be necessary. We are hoping to deal with the general shortage of nitrogenous fertiliser through stimulating European hydro-electric projects, though this is a long-term proposition; we are also making an assessment of the forward fertiliser position, from the point of view of production in this country. Shortage of steel is, of course, a limitation on our capacity to send more tractors and agricultural machinery to Europe, without stinting the Commonwealth or dollar markets. Certain types, however, are now available for Europe. The shortage of steel (and of scrap) is itself a European problem to which attention will have to be given by O.E.E.C.

11. We consider that substantial increases in cereal output could be achieved from the more efficient control of seed-borne diseases in Europe. In France alone, we reckon that the general application of organo-mercury seed dressings would, on the planned acreage, increase the yield by 900,000 tons in 1949. We are prepared to help in a campaign to get farmers to use chemical controls more extensively, and we shall offer to supply chemicals and technical advice.

Livestock and Dairy Produce

12. The European livestock population has been greatly reduced by the war and shortage of feeding-stuffs is hindering its recovery. In addition to stimulating increased output of coarse grain we propose to press for the extensive development of modern farming methods both to increase grassland yield for silage and drying, and to increase the yield of arable crops. A Grassland Improvement Campaign, as conducted in our own Agricultural Expansion Programme, could well be extended to, say, Northern France. Our import programme for France and French colonies in 1952–53 takes into account possible increases in output under this head.

Fish

13. A rapid increase in the consumption of protein foods could be achieved by greatly extending the consumption of fish in Europe. There is no shortage of supplies, and the problem is essentially one of transport and storage, in addition to publicity for raising consumer demand. We shall press for co-ordinated action on these lines.

II.—Inland Transport

14. This important sector of European economy does not lend itself easily to the application of individual large-scale projects, but it is an essential subject for European co-operation. The transport system of Europe is bound to suffer from old age and decrepitude as a result of the war, from the current shortages of raw materials, labour and power, and from frontier restrictions, made worse by post-war currency problems. As a result, transport costs are high, thus affecting all other industrial and commercial activity, and delays and hindrances cause further losses. Moreover, it is difficult to develop the movement of, *e.g.*, perishable food-stuffs, and of inflammable liquid fuels, owing to shortages of special equipment.

15. It will be necessary to induce each country (*a*) to allocate a fair share of its resources to the manufacture of transport equipment; (*b*) to reduce frontier formalities; (*c*) to agree to standardisation of equipment. The existence of a

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

Transport Committee of O.E.E.C. has already had one important result. Surpluses of rail equipment in Italy and Belgium were able to be matched against demands for similar equipment from the United States. This resulted in a substantial saving in dollars.

16. The United Kingdom representatives on the Transport Committee will continue to press for measures of co-operation.

III.—Fertilisers

Nitrogenous Fertilisers

17. Reference has already been made to the position on nitrogenous fertilisers. There is at present a world shortage (demand is about 4 million tons and supply about 3 million tons) and we are considering what the situation is likely to be in four or five years' time. In the long run output could be raised through hydro-electric schemes in Europe. If a real long-term deficiency is likely to develop it would be worth while considering the installation of new plant in the United Kingdom. Plans for more nitrogen, therefore, depend on a survey of the European and other agricultural expansion plans, and, as far as Europe is concerned, we shall not be able to come to a clear view until the Long-Term Agricultural programmes have been discussed in Paris.

Potash

18. A rough statistical assessment suggests that there will be no serious world shortage of potash by 1952. About one half of United Kingdom supplies come, however, from the Russian Zone of Germany, and are, therefore, extremely uncertain. Moreover we have not been able to take into account, in our calculation of demand, a number of agricultural expansion plans of which we as yet know nothing, but which, in all probability, exist, or will shortly be formulated. It seems, therefore, highly desirable to stimulate increased output in France (and Spain). Both countries are anxious for this, and all that is needed is more plant and equipment. We propose, therefore, to discuss at O.E.E.C. the possibility of obtaining what is needed.

Phosphate Rock

19. We at present import about 950,000 tons of rock phosphate from French North Africa for use as fertilisers. We are hoping to get larger supplies in 1952, in order to dispense with imports from America, which we use for industrial purposes. This will not involve very much more capital equipment and will save us some half a million dollars.

Sulphur

20. About 50 per cent. of the sulphuric acid produced in the United Kingdom is used in the production of fertilisers. Forty-five per cent. of present sulphuric acid production is based on imported natural sulphur (as distinct from the use of pyrites, zinc concentrate, &c.). This has to come, at present, from the United States at a cost of over 4 million dollars per annum.

21. There are sulphur mines in Italy, but owing to their obsolescence and other factors the Italian price is three times that of the American. The rehabilitation and re-organisation of the Italian mines so as to provide for more efficient equipment and a less wasteful use of man-power should result in more and cheaper sulphur, thus enabling the countries participating in O.E.E.C. to lessen their dependence for this mineral on the United States. We propose to press for this to be treated as a project.

IV.—Raw Materials

Timber

22. Schemes for increasing European timber production chiefly affect Eastern Europe, which is outside the range of O.E.E.C. In one particular respect, however, Western Europe could be of substantial assistance to the United Kingdom. Before the war our imports of pitprops from France and Portugal totalled 135,000 fathoms. This was a convenient trade, since pitprops were shipped to Cardiff from the South of France and from Portugal and the vessels returned with coal. These two sources of pitprops have declined since the war and in 1947 only 35,000 fathoms were shipped to the United Kingdom. Pitprops are so vital to the expansion and safety of the coal industry (to which France and Portugal look for supplies) that, in the absence of Russian timber, we are spending 3 million dollars per annum on pitprops. It is expected that Portugal will be able to

supply more, but currency difficulties may present an obstacle. France, however, will be a soft currency source and the French should have every interest in rehabilitating their forests and providing more machinery and transport. As this matter is so closely tied up with the vital problem of expanding European coal production, we propose to press it at O.E.E.C.

Coal

23. The objective is to make Europe independent once more of Western Hemisphere supplies, and we have assumed that the O.E.E.C. Coal Committee will be producing a programme to secure this. The problem is two-fold: first, to co-ordinate production programmes to meet Europe's overall requirements without Western Hemisphere aid and to build up production to remove shortages of particular types of coal, such as gas coal, coking coal and anthracite. Secondly, there is the need for co-ordinated consumption policy with a view to the full utilisation of qualities in surplus supply, *e.g.*, untreated smalls. The possibility of achieving or furthering this aim by means of changes in industrial practice is an important point for consideration.

Steel

24. The Steel Committee will report on how Europe can achieve independence of Western Hemisphere supplies of steel. The development of iron ore production in North Africa is an immediate point for consideration.

V.—International Electricity Programme

25. As in the United Kingdom the demand for electric power in Continental Europe has outrun the supply. Since adequate power is vital for industrial recovery (and hydro-electric schemes can also be used for fertilizer and aluminium production) an international programme was drawn up at the O.E.E.C. meeting in Paris last summer for plant extensions based on purely economic considerations and without regard to national frontiers. Some of the stations would supply electricity mainly to other countries than those in which they would be situated.

26. This striking project of co-operative enterprise is virtually no longer existent. Most of the stations included in the scheme have been drawn into the national programmes, and it is unlikely that the export of electricity from them can be developed until national needs are met. A further difficulty is that very substantial amounts of equipment would be needed which cannot be produced within the area.

27. The United Kingdom has no immediate stake in the various schemes, save in our general interest in European recovery, since our own power plans are entirely independent of those of other countries. Nevertheless, national schemes of this kind have great public appeal, and will require continued and persistent support from O.E.E.C. if they are to be developed. Our independent position should give added weight to our influence in this matter, and we shall endeavour to stimulate O.E.E.C. into consideration of all possible schemes of the kind.

VI.—Overseas Territories

28. There may be considerable scope for co-operation amongst the European countries with dependent overseas territories. It is accepted that opportunities exist for expanding the production of various raw materials for local consumption, export to participating countries with consequent saving of dollars, and for export to hard currency destinations. There will, in addition, be some opportunities for co-operation on single projects which will be of mutual benefit to the countries. Co-operation on colonial economic policy is at present carried out by means of *ad hoc* but increasingly frequent meetings between representatives of the various Colonial Offices. In order to ensure the systematic treatment of this problem in relation to European economic recovery, agreement has eventually been reached for O.E.E.C. to set up a committee to study the whole problem and make any necessary recommendations for special projects.

29. While it is recognised that the overseas territories of France tend to be complementary to the economy of the mother country, there will undoubtedly be some scope for the development of production for common ends: African hardwoods are a case in point. Agreements on communications and health also offer opportunities for co-operative effort.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224450

30. As regards the Belgian Congo, we should like to see an expansion of cotton production, which would help to relieve European dependence on dollar cotton. The greatest single contribution from a dependent territory to European recovery, however, would be the recovery of the N.E.I. whose pre-war output of sugar molasses and cattlefeed would alter the European picture considerably. It seems doubtful whether anything can be done there, however, until political conditions improve.

31. Our own plans for the development of primary production in Central Africa are closely affected by the state of the railway running through Portuguese East Africa to the port of Beira. There is room for a substantial project for improving this port and increasing the carrying capacity of the railway which serves it.

C 224451

ANNEX G

THE WORLD ECONOMIC POSITION IN 1952–53

Difficulties of Estimation

1. It is at any time very difficult to foresee world economic trends for four or five years ahead and these difficulties are particularly acute at the present time. Many countries are still unable to re-establish a balance in their overseas payments and receipts and in many cases are still struggling to check internal inflation, and most countries still have difficulties in establishing a balance, either directly or indirectly, in their accounts with the dollar area.

Main Assumptions regarding the International Balance of Payments

2. In spite of these uncertainties, however, it has been necessary for the purpose of establishing our Long-Term Programme to make some working assumptions about the shape of the world economy in the early 'fifties. For this purpose it has been assumed that the present extreme disequilibrium in world economic relationships will have been corrected, and that some form of balance will have been re-established. The United Kingdom aims at balancing its overseas payments and receipts by 1952–53 with some provision for debt repayment and other investment overseas. It is assumed that the sterling area as a whole will also be in balance with the outside world and that the countries members of O.E.E.C. will also succeed in their aim of being independent of special outside assistance to their balances of payments by that time. In view of the uncertainty about the way in which the disequilibrium in the balance of payments of the dollar area with the rest of the world will eventually be corrected it has been thought prudent to assume that the Sterling Area as a whole must attain a balance with the Western Hemisphere and that the O.E.E.C. countries as a whole must do the same.

Volume of World Trade

3. United Kingdom exports in 1952–53 are estimated at 150 per cent. of the pre-war volume. This estimate presupposes a prosperous world, with a continued high level of economic activity in the United States and considerable progress towards full economic recovery in Europe. In these conditions the volume of world trade might rise to about 115 per cent. of the 1938 volume, compared with about 95 per cent. at the present time. A relatively greater expansion in trade in manufactured goods may be expected, and this is estimated at about 125 per cent. of the pre-war volume. Trade in primary products is estimated at about 105 per cent. of the pre-war volume.

4. It is reasonable to hope that Europe will have gone a long way towards full economic recovery by 1952–53, but the volume of Western European imports is unlikely to be above the pre-war level. A considerable increase in exports may, however, be necessary to purchase even this volume of imports in view of the loss of income from invisible transactions. The overseas trade of Germany and Japan is assumed to be much reduced compared with pre-war, though considerably above the present level and trade between Eastern and Western Europe is also assumed to be less than before the war. How far this trade is in fact expanded will depend on the willingness of Eastern European countries to offer on acceptable terms the food and materials required by the West. A tendency for these countries to insist on payment in the form of scarce capital goods needed for their industrialisation plans will tend to reduce the possibilities and attractions of such trade for the West. In view of the present published plans and apparent tendencies of these countries it has been considered wise not to count on any very considerable development of East–West trade, and trade between the United Kingdom and this group of countries has been estimated for long-term programme purposes at slightly above the pre-war level.

5. The trade of the sterling Dominions is in general expected to expand considerably above the present levels, but Canadian trade may be affected by the continuing dollar shortage and the need of countries which have been living partly on credits to re-establish a balance in their accounts with the Western Hemisphere.

6. The Western Hemisphere's contribution to world trade will probably remain considerably greater than before the war, although the abnormal level of

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224452

United States exports in recent years is unlikely to be maintained, and is indeed already falling. United States trade in 1952–53 compared with the recent past is estimated as follows (1936–38 = 100) :—

	U.S. imports	*U.S. exports*
1947	110	272
1948 (1st half)	121	218
1952–53	155	170

The United States supplies nearly half the world exports of manufactures in 1947, while the German and Japanese share of the trade was negligible. The following table shows the approximate change in the distribution of world trade in manufactures that has been assumed in the forecast of the United Kngdom position :—

	Per cent. of world exports of manufactures		
	1936–38	*1947*	*1952–53*
United Kingdom	18·6	20·4	23
United States	16·3	48·0	29
Germany	19·8	0·5	8
Japan	7·0	negligible	3
Other countries	38·3	31·1	37
	100·0	100·0	100

World Prices

7. The relative and absolute levels of world prices in the future are clearly of great importance to both the United Kingdom and to the Dominions. As a result of a decision reached by O.E.E.C. all countries were obliged to draw up their balance of payments estimates for 1952–53 on the completely arbitrary asumption that import and export prices were the same as had been assumed for 1948–49 (for the United Kingdom, about the current levels). It is possible that some fall in food and some raw material prices may occur as production increases but may be balanced by a reduction in United Kingdom export prices to meet increasing competition from other countries, and that the United Kingdom terms of trade will not in fact be very different in 1952–53 from those ruling at present. In attempting to estimate the probable balance of payments position and the dollar earnings of the rest of the sterling area, however, it has not been considered necessary to adhere rigidly to the assumption of 1948–49 prices and different price assumptions have been made where this has seemed justifiable.

United States Overseas Investment

8. Another important factor in the world economic situation in the 1950's is the level of United States overseas investment. It seems probable that a major part of any commercial lending will be in other parts of the Western Hemisphere, and it has seemed unwise to count on any significant contribution from this source to the dollar income of the rest of the world. It is assumed that the United States Government, which is contributing over £1,000 million in E.R.P. assistance alone in 1948–49, will not be lending abroad in the 1950's except perhaps in the form of some continued assistance to Germany and Japan.

The Pattern of Trade and Payments

9. The pattern of trade and payments envisaged in 1952–53 in the conditions described above is that of a large United Kingdom surplus on current account with the sterling area, a small surplus with the O.E.E.C. countries, and a deficit with the Western Hemisphere and with the rest of the world. The surplus with the sterling area is entirely due to the Dominions and is assumed to be financed partly by debt repayment and capital exports from the United Kingdom, partly by the proceeds of gold production and partly by these countries' surplus with Europe. The surplus which the Colonies are estimated to have with the United States is assumed to be available to help meet the deficits of the rest of the Sterling Area. Some transfer of surpluses with the O.E.E.C. countries to meet deficits with other non-dollar countries is also assumed. In estimating the balance of payments position with Canada it appears probable that the sterling area as a whole will have a deficit with Canada, and it is assumed that this will be met from the Sterling Area's gold production.

C224453

Trade Controls and Discrimination

10. Even assuming a high level of activity and demand for imports in the United States in the 1950's, and considerable recovery in Europe, it is very unlikely that the balances of payments of the Sterling Area group, the O.E.E.C. countries, and the rest of the world can be restored to a balance such as has been assumed without continuing restriction of imports from the Western Hemisphere. In estimating the position in 1952–53, therefore, it is assumed that dollars will continue to be generally scarce and that the Sterling Area cannot count on any net earnings of gold or dollars from countries outside the Western Hemisphere. Within the Western Hemisphere itself it seems probable that there will still be a shortage of United States dollars. In these circumstances it is probable that some discrimination against United States exports will continue to be necessary in most countries and that energetic attempts will be made to find other sources of supply of goods now obtained from the Western Hemisphere. The estimates of the United Kingdom position in 1952–53 assume that United Kingdom exports benefit both from some reduction in prices relatively to United States goods, particularly in the United States market, and from continued discrimination against United States goods in other markets. They also assume complete discrimination against the United States of America in United Kingdom import policy.

11. In these conditions, the sterling Dominions may expect a continuing strong demand for their primary products, particularly in so far as they are substitutes for Western Hemisphere goods. The demand for their exports may however be limited to some extent by the need of many European countries to achieve and maintain total balance of payments equilibrium. This may result in attempts to increase import-saving agricultural production in Europe as well as to increase exports. The actual effect of these tendencies on the export trade of the sterling Dominions will depend in part on their demand for United Kingdom and other European exports.

12. The degree of restriction of United States imports into the United Kingdom and the sterling Dominions which will be necessary in 1952–53 will depend not only on relative cost levels in the sterling area and in the United States but also on the level of United States demand both for manufactures and for primary products such as wool, rubber, tin, and cocoa, exported from the Commonwealth. The level of gold production and its value in terms of other commodities will also be exceedingly important. It seems possible on balance that the net dollar earnings of the Colonies will amount to some £80 million and that gold production will yield another £125 million. Against this the deficits of the sterling Dominions with the Western Hemisphere are estimated at some £100 million compared with about £300 million in 1947. Restriction of net dollar expenditure to these levels would probably involve continued restriction of imports from the Western Hemisphere though not restriction of the degree of severity assumed for the United Kingdom.

13. It has been assumed that United Kingdom imports from the Western Hemisphere will be restricted to about 60 per cent. of the 1947 volume and that the maximum effort will be made to find alternative sources of supply. On present estimates of exports and making some provision for debt repayment and other overseas investment, however, total imports in 1952–53 will be 10 per cent. greater in volume than in 1947 and only about 85 per cent. of the 1938 volume. Unless exports can be increased above the levels so far estimated even imports from the sterling area will have to be restricted below the levels which they might otherwise attain, and are estimated at about 130 per cent. of the 1947 volume. If, in the event, the Dominions, and other countries are prepared to take larger quantities of United Kingdom exports than it has been thought prudent at this stage to assume, our ability to import will be increased. There is little doubt that the domestic demand for imported goods in 1952–53 will be great enough to absorb much larger quantities of imports, particularly of food, than have been provided for in these estimates if our export trade can be expanded sufficiently to provide the means of payment in foreign exchange are available.

International Payments and the Position of Sterling

14. In the conditions of continuing dollar shortage and import restriction that seem likely to persist into the 1950s, it seems most unlikely that sterling can be made freely convertible into dollars. It remains the policy of His Majesty's Government, however to co-operate so far as possible in any arrangements which

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

may help to extend the area of multilateral trading outside the dollar area, including the encouragement of the widest possible use of sterling as a means of payment in the finance of international trade. It is our intention to maintain the multilateralism of trade and payments which at present prevails within the Sterling Area so that payments deficits arising between one part of the Sterling Area and any particular country can be settled by surpluses with that country earned by other parts of the area.

15. It is hoped, also, that as more and more countries succeed in regaining overall equilibrium in their external payments it will become possible to extend multilateralism as between third countries also so that the Sterling Area surpluses with one country can be used to meet Sterling Area deficits with other countries. In many cases this result may be attainable by the transfer of sterling between non-Sterling Area countries, and it is hoped to extend substantially the present existing facilities for such transfers. Within the ambit of the O.E.E.C. or of any continuing form of intra-European co-operation which may succeed it, multilateralism should be facilitated both by jointly organised compensation arrangements and possibly also by some measure of planning of intra-European surpluses and deficits. But clearly it is impossible to forecast at this date how far this process can be carried even within the non-dollar world. If there are important trading countries which are unable or unwilling to bring their overall external accounts into balance, they may break the chain of multilateral compensation to an incalculable extent.

16. As between dollar countries and non-dollar countries, the position is still more difficult to foretell. An attempt will certainly be made to avoid a complete bilateralism, but there are limits to the extent to which this can go.

SECRET

P.M.M. (48) 4

7th October, 1948.

MEETING OF PRIME MINISTERS

ARRANGEMENTS FOR MEETING

NOTE BY THE SECRETARIES

Date of Meeting

The *formal opening* of the Meeting will take place at 10 Downing Street on Monday, 11th October, at 11·30 a.m.

Arrangements have been made for the gathering to be televised in the garden of 10 Downing Street before the formal opening at 11·15 a.m.

Commonwealth Representatives

2. A list of the Prime Ministers and other Representatives of Commonwealth countries attending the Meeting and their Advisers and staffs, together with their addresses and telephone numbers, is annexed to this paper.

Agenda

3. A separate paper (P.M.M. (48) 5) has been circulated showing the main subjects proposed for discussion at the Meeting.

A Notice will be circulated daily showing the time and place of the following day's Meetings and the matters to be discussed.

Time-table

4. It is suggested for the consideration of the Meeting that the *arrangements for the first week* might be as follows :—

Monday, 11*th October*—
11·30 a.m. Formal opening of Meeting, at which there would be brief speeches of welcome. These could be followed by a short meeting to discuss procedure, time-table, arrangements, &c.
3·0 p.m. Economic Situation. Statement by Sir Stafford Cripps.

Tuesday, 12*th October*—
11·30 a.m. General statement by Mr. Bevin on the international situation.
3·0 p.m. Discussion on Mr. Bevin's statement.

Wednesday, 13*th October*—
11·30 a.m. Defence. Statement by Mr. Attlee.
3·0 p.m. General discussion on Defence.

Thursday, 14*th October*—
11·30 a.m. Continuation of discussion on the Economic Situation.

Friday, 15*th October*
Saturday, 16*th October*
Sunday, 17*th October*
} No Plenary Meetings.

Monday, 18*th October*—
11·30 a.m. Resumption of Plenary Discussions.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224456

Time and Place of Meetings

5. It is suggested that Plenary Meetings might ordinarily take place at 11·30 when in the morning and 3 when in the afternoon.

Plenary Meetings of Prime Ministers and Representatives will be held in the Cabinet Room at 10 Downing Street. Conference Room "B," Cabinet Office, Great George Street (or, alternatively, such accommodation as may be most convenient), will be reserved for smaller Meetings.

Distribution of Telegrams to Visiting Ministers

6. Arrangements will be made for a circulation of Foreign Office telegrams to Commonwealth representatives during their stay. In addition, they will receive copies of all telegrams addressed to, or received from, their own Governments.

Secretariat Arrangements

7. The Secretariat will be as follows:—

Sir Norman Brook, Cabinet Office.
Sir Gilbert Laithwaite, Commonwealth Relations Office.
Mr. S. E. V. Luke, Cabinet Office.
Group Captain D. C. Stapleton, Ministry of Defence.
Mr. N. E. Costar, Commonwealth Relations Office.

(Signed) NORMAN BROOK.
J. G. LAITHWAITE

Cabinet Office, S.W.1,
7th October, 1948.

C 224457

ANNEX

MEETING OF COMMONWEALTH PRIME MINISTERS

Directory (3rd Revise)

1.—DELEGATIONS

CANADA

		Room No.	Telephone
Dorchester Hotel			
The Rt. Hon. W. L. Mackenzie King, O.M.	Prime Minister and President of the Privy Council	104–105	*Delegation Switchboard:* MAYFAIR 2561 (or direct line from Cabinet Office)
The Rt. Hon. L. S. St. Laurent, K.C.	Minister of Justice	107–108	
Mr. R. G. Robertson ...	Adviser—Prime Minister's Office, Ottawa	103	
M. Jules Leger	First Secretary, Canadian High Commissioner's Office in London	101	
Mr. E. Handy	Private Secretary, Prime Minister's Office, Ottawa	106	
Mr. J. W. Pickersgill	Special Assistant to the Prime Minister	130	
Delegation Office	... ...	146	

AUSTRALIA

Grosvenor House			
The Rt. Hon. H. V. Evatt, K.C.	Deputy Prime Minister	—	*Direct line:* GROSVENOR 1882 (or direct line from Cabinet office)
Mr. J. Walshe	Private Secretary to Dr. Evatt ...	719	
2, Park Street			
Delegation Offices	... ...	312	*Direct line:* MAYFAIR 4823 (or direct line from Cabinet Office) *Ext. No. on Hotel switchboard* (MAYFAIR 8166)
Professor K. H. Bailey ...	Solicitor-General		Savoy Hotel (TEMPLE BAR 4343)
Major-General A. J. Boase, C.B.E.	Representative of Australian Defence Department in London ...		Canberra House (WHITEHALL 2101)
Mr. Patrick Shaw	Commonwealth representative on Allied Council, Tokyo	102	129
Mr. P. R. Heydon	External Affairs Liaison Officer in London ...		Australia House (TEMPLE BAR 1567)
Dr. H. C. Coombs	Director-General of Post-War Reconstruction	310–311	61 63
Dr. Roland Wilson	Commonwealth Statistician ...	508–509	26
Mr. F. H. Wheeler	Assistant Secretary, Treasury ...	304–305	67 70
Mr. J. A. Tonkin	Department of Commerce and Agriculture	309	62
Mr. L. Hewitt	Department of Post-War Reconstruction ...		Australia House (TEMPLE BAR 1567)

N.B.—During the day the Australian Delegation will normally be found at Australia House (TEMPLE BAR 1567).

NEW ZEALAND

Savoy Hotel			
The Rt. Hon. Peter Fraser, C.H.	Prime Minister	512	*Direct line:* TEMPLE BAR 4951 (or direct line from Cabinet Office)
Mr. A. D. McIntosh	Secretary, External Affairs ...	654	Obtainable through Hotel switchboard (TEMPLE BAR 4343) by room numbers
Mr. S. Odell	Information Officer	530	
Mr. T. Larkin	Department of External Affairs ...	531	
Mr. Leicester Webb	Director of Stabilisation and Marketing	439	
Mr. E. O. Greensmith ...	Assistant Secretary, Treasury ...	440	
Mr. Sleight (and Delegation Office)	Private Secretary to Mr. Fraser ...	538	

N.B.—During the day the New Zealand Delegation will normally be found at the Cabinet Office (WHITEHALL 5422, Ext. 631).

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224456

Time and Place of Meetings

5. It is suggested that Plenary Meetings might ordinarily take place at 11·30 when in the morning and 3 when in the afternoon.

Plenary Meetings of Prime Ministers and Representatives will be held in the Cabinet Room at 10 Downing Street. Conference Room "B," Cabinet Office, Great George Street (or, alternatively, such accommodation as may be most convenient), will be reserved for smaller Meetings.

Distribution of Telegrams to Visiting Ministers

6. Arrangements will be made for a circulation of Foreign Office telegrams to Commonwealth representatives during their stay. In addition, they will receive copies of all telegrams addressed to, or received from, their own Governments.

Secretariat Arrangements

7. The Secretariat will be as follows:—

Sir Norman Brook, Cabinet Office.
Sir Gilbert Laithwaite, Commonwealth Relations Office.
Mr. S. E. V. Luke, Cabinet Office.
Group Captain D. C. Stapleton, Ministry of Defence.
Mr. N. E. Costar, Commonwealth Relations Office.

(Signed) NORMAN BROOK.
J. G. LAITHWAITE

Cabinet Office, S.W.1,
7th October, 1948.

C 224457

ANNEX

MEETING OF COMMONWEALTH PRIME MINISTERS

Directory (3rd Revise)

1.—DELEGATIONS

CANADA

		Room No.	*Telephone*
Dorchester Hotel			
The Rt. Hon. W. L. Mackenzie King, O.M.	Prime Minister and President of the Privy Council	104–105	*Delegation Switchboard:* MAYFAIR 2561 (or direct line from Cabinet Office)
The Rt. Hon. L. S. St. Laurent, K.C.	Minister of Justice	107–108	
Mr. R. G. Robertson ...	Adviser—Prime Minister's Office, Ottawa	103	
M. Jules Leger	First Secretary, Canadian High Commissioner's Office in London	101	
Mr. E. Handy	Private Secretary, Prime Minister's Office, Ottawa	106	
Mr. J. W. Pickersgill	Special Assistant to the Prime Minister	130	
Delegation Office	... ...	146	

AUSTRALIA

Grosvenor House			
The Rt. Hon. H. V. Evatt, K.C.	Deputy Prime Minister	—	*Direct line:* GROSVENOR 1882 (or direct line from Cabinet office)
Mr. J. Walshe	Private Secretary to Dr. Evatt ...	719	
2, Park Street			
Delegation Offices	... ...	312	*Direct line:* MAYFAIR 4823 (or direct line from Cabinet Office) *Ext. No. on Hotel switchboard* (MAYFAIR 8166)
Professor K. H. Bailey ...	Solicitor-General		Savoy Hotel (TEMPLE BAR 4343)
Major-General A. J. Boase, C.B.E.	Representative of Australian Defence Department in London ...		Canberra House (WHITEHALL 2101)
Mr. Patrick Shaw	Commonwealth representative on Allied Council, Tokyo	102	129
Mr. P. R. Heydon	External Affairs Liaison Officer in London	...	Australia House (TEMPLE BAR 1567)
Dr. H. C. Coombs	Director-General of Post-War Reconstruction	310–311	61 63
Dr. Roland Wilson	Commonwealth Statistician ...	508–509	26
Mr. F. H. Wheeler	Assistant Secretary, Treasury ...	304–305	67 70
Mr. J. A. Tonkin	Department of Commerce and Agriculture	309	62
Mr. L. Hewitt	Department of Post-War Reconstruction ...		Australia House (TEMPLE BAR 1567)

N.B.—During the day the Australian Delegation will normally be found at Australia House (TEMPLE BAR 1567).

NEW ZEALAND

Savoy Hotel			
The Rt. Hon. Peter Fraser, C.H.	Prime Minister	512	*Direct line:* TEMPLE BAR 4951 (or direct line from Cabinet Office)
Mr. A. D. McIntosh	Secretary, External Affairs ...	654	Obtainable through Hotel switchboard (TEMPLE BAR 4343) by room numbers
Mr. S. Odell	Information Officer	530	
Mr. T. Larkin	Department of External Affairs ...	531	
Mr. Leicester Webb	Director of Stabilisation and Marketing	439	
Mr. E. O. Greensmith ...	Assistant Secretary, Treasury ...	440	
Mr. Sleight (and Delegation Office)	Private Secretary to Mr. Fraser ...	538	

N.B.—During the day the New Zealand Delegation will normally be found at the Cabinet Office (WHITEHALL 5422, Ext. 631).

35984—1

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224458

SOUTH AFRICA

		Room No.	Telephone
Dorchester Hotel			
The Hon. E. H. Louw	Minister of Mines and Economic Affairs	111	*Direct line:* MAYFAIR 4965 (or direct line from Cabinet Office)
Major-General W. H. E. Poole, C.B., C.B.E., D.S.O.	Head of South African Military Mission in Berlin	110	Obtainable through Hotel switchboard (MAYFAIR 8888)
Mr. W. C. Naude	Political Secretary and Economic Adviser, Office of the High Commissioner for the Union of South Africa in London	...	South Africa House WHITEHALL 4488
Mr. M. J. Lamprecht (and Delegation Office)	Private Secretary to Mr. Louw ...	149	Obtainable through Hotel switchboard (MAYFAIR 8888)

N.B.—During the day the South African Delegation will normally be found at South Africa House (WHITEHALL 4488).

INDIA

Claridges Hotel			
Pandit Jawaharlal Nehru ...	Prime Minister, Minister of Foreign Affairs and Minister for Scientific Research	312	*Direct line:* MAYFAIR 5191 (or direct line from Cabinet Office)
Sir Girja Bajpai	Secretary-General, Ministry of External Affairs and Commonwealth Relations	316–317	Obtainable through Hotel switchboard (MAYFAIR 8860) by room numbers
Mr. M. O. Matthai	Private Secretary to Pandit Nehru	311	
Mr. J. S. Mehta	Private Secretary to Sir G. Bajpai	342	
Mr. Prithi-Singh	Secretary	310	
Delegation Office	... ...	315	

PAKISTAN

Claridges Hotel			
Mr. Liaquat Ali Khan	Prime Minister and Minister for Defence	112	*Direct line:* MAYFAIR 4073 (or direct line from Cabinet Office)
Sir Zafrullah Khan	Minister for Foreign Affairs and Commonwealth Relations	114	Obtainable through Hotel switchboard (MAYFAIR 8860)
2, Park Street			
Delegation Offices	... ...	512	*Direct line:* MAYFAIR 4789 (or direct line from Cabinet Office) *Extensions on Hotel switchboard* (MAYFAIR 8166)
Mr. Mohammad Ali	Secretary-General	510–511	32 30
Mr. S. A. Naqvi	Joint Secretary, Defence Department	514	29
Mr. G. Ahmad	Director, Intelligence Bureau ...	513	28
Lt.-General Cawthorn, C.B., C.I.E.	Deputy Chief of Staff		Pakistan House (WELBECK 0791)
Mr. Quarishi	Public Relations Officer	309	62
Mr. A. A. Hamid	Private Secretary to Prime Minister	307	60
Delegation Offices	... ...	512	27
		223	77

C224459

CEYLON

		Room No.	Telephone
Park Lane Hotel			
The Hon. D. S. Senanayake ...	Prime Minister and Minister of Defence and External Affairs	637–638	*Direct line:* GROSVENOR 3834 (or direct line from Cabinet Office)
Mr. R. G. Senanayake ...	Adviser to the Prime Minister ...	641	Obtainable through Hotel switchboard (GROSVENOR 6321) by room numbers
Mr. K. Vaithianathan ...	Secretary, Defence and External Affairs Department	639	
Mr. N. W. Atukorala (and Delegation Office)	Secretary	640	

SOUTHERN RHODESIA

Claridges Hotel			
The Rt. Hon. Sir Godfrey Huggins, C.H., K.C.M.G., F.R.C.S.	Prime Minister and Minister of Native Affairs	207–208	*Direct line:* MAYFAIR 5287 (or direct line from Cabinet Office)
Mr. N. H. Bertram, O.B.E. ...	Assistant Secretary, Treasury ...	241	Obtainable through Hotel switchboard (MAYFAIR 8860) by room numbers
Mr. St. Quintin	Private Secretary	240	
Delegation Office	... ...	209	

2.—HIGH COMMISSIONERS

CANADA	Mr. Norman A. Robertson	Canada House ...	WHITEHALL 9741
AUSTRALIA	The Rt. Hon. J. A. Beasley	Australia House ...	TEMPLE BAR 1567
NEW ZEALAND ...	The Rt. Hon. W. J. Jordan	New Zealand House ...	TEMPLE BAR 3241
THE UNION OF SOUTH AFRICA	Mr. Leif Egeland	South Africa House ...	WHITEHALL 4488
INDIA	Mr. V. K. Krishna Menon	India House	TEMPLE BAR 8484
PAKISTAN	Mr. Habib Ibrahim Rahimtoola	14–16, Fitzhardinge St., W.1.	WELBECK 0791
CEYLON	Sir Oliver Goonetilleke K.C.M.G., K.B.E.	25 Grosvenor Sq., W.1.	GROSVENOR 3954
SOUTHERN RHODESIA	Mr. K. M. Goodenough, M.C.	Rhodesia House ...	TEMPLE BAR 1133

3.—SECRETARIAT

Sir Norman Brook ...	Cabinet Office, Room 53B (2nd Floor) ...	WHITEHALL 5422 Ext. 52
Sir Gilbert Laithwaite	Commonwealth Relations Office, Room 114	WHITEHALL 9191 Ext. 394
Mr. S. E. V. Luke	Cabinet Office, Room 57A (2nd Floor) ...	WHITEHALL 5422 Ext. 353
Group Captain D. C. Stapleton	Ministry of Defence, Room 69 (2nd Floor)	WHITEHALL 5422 Ext. 195
Mr. R. J. P. Hewison ...	Cabinet Office, Room 56	WHITEHALL 5422 Ext. 566
Mr. N. E. Costar ...	Cabinet Office, Room 51A (2nd Floor)	WHITEHALL 5422 Ext. 676
Mr. J. M. Dutton ...		

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224460

SECRET

P.M.M. (48) 5

7th October, 1948

MEETING OF PRIME MINISTERS

SUBJECTS FOR DISCUSSION AT MEETING OF PRIME MINISTERS

NOTE BY THE SECRETARIES

It has been agreed with Commonwealth Prime Ministers that the main subjects for discussion at the Meeting should be as follows :—

(i) International relations, with particular reference to the Soviet Union.
(ii) The future of Germany.
(iii) Japanese problems and the future of the Pacific.
(iv) Commonwealth interest in collaboration with Western Europe.
(v) The general economic situation and the European Recovery Programme.
(vi) The development of the economic resources of the Commonwealth.
(vii) Defence questions.
(viii) Machinery for consultation between Commonwealth Governments.

2. It is suggested that in addition, if Commonwealth Prime Ministers agree, the following items should be added to the list :—

(ix) Precedence of Commonwealth High Commissioners.
(x) Situation in South-East Asia (Burma, Indonesia, Malaya).

(Signed) NORMAN BROOK.
J. G. LAITHWAITE.

Cabinet Office, S.W. 1,
7th October, 1948.

35984—2

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224461

SECRET

P.M.M. (48) 6

8th October, 1948

MEETING OF PRIME MINISTERS

JAPANESE PROBLEMS

MEMORANDUM BY THE UNITED KINGDOM GOVERNMENT

I.—The Peace Treaty

It remains the view of His Majesty's Government in the United Kingdom that an early Peace Treaty is desirable, but it is unlikely that there will be any response from the United States before the new Administration has taken office after the Presidential election. There would appear to be no advantage in pressing the Americans on the Peace Treaty issue for the time being.

II.—Level of Industry

2. The important question of establishing the level of Japanese economic life, which has been under discussion for over two years in the Far Eastern Commission without result, was the subject of an exchange of views during the summer between His Majesty's Government in the United Kingdom and other Commonwealth Governments.

3. The draft policy decision now before the Far Eastern Commission is supported by a substantial majority of the eleven members of the Commission and is, in general, on lines favoured by all the Commonwealth Governments who are represented on the Commission.

4. Unfortunately, there seems very little prospect of the Commission reaching agreement. Of the veto Powers, neither the Soviet Union nor the United States have come out in favour of the paper and the indications are that neither will support it as it stands.

5. United States policy has not yet been clearly defined and it seems probable that inter-Departmental differences of opinion in Washington still remain unresolved. It is probable, however, that the United States Government, in their desire that Japan should have a viable economy within a short term of years and that the cost of Japan to the American taxpayer should be reduced, may advocate building up the Japanese economy to a much higher level than that which either they or other Powers have hitherto considered necessary or desirable. They are also anxious that economic conditions in Japan should not remain at a level which would play into the hands of extremist agitators.

6. There is no indication that the United States Government would wish to allow Japan to develop primary war industries again; on the other hand, they seem disposed not to restrict secondary war-supporting industries. In a recent *aide-mémoire*, the State Department informed the United Kingdom Ambassador in Washington that the Government of the United States could not agree with the contention of the United Kingdom Government that the building by the Japanese for export of merchant ships exceeding certain limits of size and speed constituted a security threat. They added that the Supreme Commander for the Allied Powers, who was keenly alive to any possible security threat, had stated categorically that no such threat existed; and that this opinion was concurred in by the Department of the Navy.

7. The fact must be faced that, in the last resort, the United States Government can take unilateral action as regards Japan. The share of countries other than the United States in the physical occupation and control of Japan, and in the provision of economic assistance, has become so small that they are in a weak

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C 224462

position to press upon the Americans arguments based on either security or economic grounds.

8. An outline of the new trend in American policy towards Japan, as seen in London, and suggestions as to the steps which the United Kingdom might take, in consultation with other members of the Commonwealth, to meet it, were considered in the exchange of views with Commonwealth Governments earlier this year. It was suggested that the interests of Commonwealth Governments might be best served by not adhering too rigidly to the proposals embodied in the Far Eastern Commission paper (which is based upon estimates made at the end of 1945) if good evidence were produced to show that, in view, for instance, of the unexpectedly rapid rise in the Japanese population, somewhat higher levels were required for the achievement of viability. At the same time, it was felt that certain restrictions on war-supporting industries should be insisted upon in the interests of security. In particular, restrictions upon the size and speed of merchant ships should be enforced. The view was put forward that it might be useful to seek to persuade the United States Government that Japanese viability could be achieved by the adoption of much lower levels than those suggested in the " Strike " and " Johnston " Reports. Other Commonwealth Governments expressed general sympathy with the objectives outlined but some doubt was expressed whether it would be possible to convince the United States Government.

So far, no such approach has been made to the United States Government. In the summer, it seemed possible that the United States Government were on the point of submitting new proposals to the Far Eastern Commission. They have not yet done so and the most recent indications are that the new proposals may not be ready for some time yet. On the whole, it seems probable that this matter, too, might best be left in abeyance until after the Presidential election. The views of Commonwealth Governments have been clearly set forth in Far Eastern Commission discussions and are therefore well-known to the United States Government.

Cabinet Office, S.W. 1,
8*th October*, 1948.

C 224463

SECRET

P.M.M. (48) 7

8*th October*, 1948.

MEETING OF PRIME MINISTERS

THE SITUATION IN MALAYA

MEMORANDUM BY THE UNITED KINGDOM GOVERNMENT

Introduction

1. The present disturbances in Malaya must be reviewed in proper perspective against developments in that territory since the end of the war. The Japanese occupation gave a great impetus to " national " movements in South-East Asia. But the trouble in Malaya does not spring from a genuine nationalist movement: or from economic discontent. Since the establishment of the civil administration the Malayan Government have worked—

(*a*) to restore Law and Order throughout the territory by re-establishing the machinery of administration and police arrangements and by disbanding the Malaya Peoples Anti-Japanese Army (which had been supplied by us with arms as a resistance group). Considerable quantities of arms (although not all, unfortunately) have been collected and order restored in considerable areas which had been under organised guerilla control;

(*b*) to secure sound constitutional arrangements acceptable to all the principal elements in the population. The existing constitution is a delicate balance of all the elements in Malaya, containing much compromise between the communities. It is accepted by all sections as substantially equitable;

(*c*) to provide the people with food and to create the conditions for economic rehabilitation and expansion of production. The economic recovery of Malaya has been one of the outstanding achievements since the war.

(*d*) A direct appeal has been made to the interests of the Malaya peoples by a progressive social policy in the fields of housing, education, taxation, the development of sound trade unionism and other social services.

The Communist Party

2. The present wave of violence is entirely the work of some thousands of Chinese, mostly aliens by birth and of Communist sympathies. Before the war the Malayan Communist Party, the membership of which was almost exclusively Chinese, was an illegal organisation. Shortly before the capture of Singapore, however, its assistance was accepted in mobilising the Chinese community in the struggle against the Japanese. Members of the Party were trained and armed by the British Military authorities and some escaped to form the nucleus of a resistance movement on the Mainland. During the Japanese occupation the Party gained control of the main resistance movement, which was supplied by South-East Asia Command; and before the re-occupation of Malaya by British troops, they established some control over important areas of the Mainland.

3. On the liberation of Malaya full recognition was given to the part played by the resistance movement; and an attempt was made to gain the confidence of the leaders of the Communist Party (which was then recognised as a legal association) by inviting their co-operation in the work of rehabilitation. This attempt, however, soon proved impossible; it became clear that the Communists, playing as usual upon the opportunities of economic uncertainty, were attempting to win control largely by intimidation over the labour unions. During 1946 and 1947 the Party made great efforts to gain the support of the workers in rubber and tin, but order was improved and violence by bandit gangs decreased The Party remained almost wholly a Chinese organisation, although a few Malays and Indians were found among its ranks.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224464

The Communist Attack

4. The attempt to dominate Malayan industrial and political life by fomenting strikes and disrupting the country's economy was frustrated by Government action; and in the spring of this year the Party determined on a new line of attack. A decision was taken to start an armed attack on the authority of Government and on any person, of any community, who took the side of Government. Former members of the Malayan Peoples Anti-Japanese Army were mobilised, and special assassination squads were formed to liquidate those prepared to challenge the Communists. Estate and village populations were intimidated and victimised and numerous outrages and murders were committed. In the first few weeks, the prime objective of the insurgents was the assassination of European planters and plantation and mine staffs in out-lying areas, and the destruction of buildings and stocks on rubber estates, with a view to disrupting the country's economy. The majority of those murdered were Chinese, some were local Kuomintang leaders, but the majority were simply law-abiding persons who would not join with the Communists in their campaign.

5. Since the attacks began in May, 199 civilians, including 14 Europeans, had been murdered up to the end of September; and a number of armed attacks had been carried out by large bodies of men on police stations and isolated mines.

Government Counter-Measures

6. Strong measures were taken by Government to meet this further phase of the Communist menace. A state of emergency was proclaimed throughout the Federation, leaders have been arrested for deportation, a large number of suspected persons have been detained for screening, the Communist Party (with three subsidiary organisations) was declared illegal and new regulations affecting Trade Union Organisations were made The army has been reinforced by the Guards Brigade, the Fourth Hussars and First Inniskillings. The regular police force has been strengthened by the recruitment of 3,000 other ranks locally and by the despatch of officers by air from this country. An auxiliary police force numbering more than 200,000 (of all Communities) has been raised and is being trained and led by about 500 officers and men formerly of the Palestine Police. In addition part-time Auxiliary Constabulary have been raised.

7. Offensive operations by the military and police, and by the special "ferret" forces operating in the jungle, have resulted in a marked increase in the number of terrorist casualties which now total 260 killed and 282 captured; and, in many instances, attacks on estates and mines have been beaten off by the Special Constabulary. Such attacks are becoming less frequent in consequence, and the insurgents now tend to seek easier targets and move in smaller numbers. They appear to be confining themselves almost entirely to individual assassinations and to be concentrating on native labourers and Asiatic employees rather than on European estates. There are also signs that they are beginning to revert to their earlier tactics of interfering with labour relations, which may be an indication of weakness. Their "mobilisation" may now have been completed within the limits imposed by our operations: but captured documents reveal that they are suffering from a growing lack of money, ammunition, food and medical supplies, and that their communications are severely restricted.

8. It is now hoped that the insurgents' initiative has been disorganised, and it is most improbable that they will be able to launch the co-ordinated offensive throughout the country which they had intended. They have failed to secure the support of the vast majority of the Chinese or any other community in Malaya, all of whom have rallied firmly behind Government in their efforts to suppress the few terrorists who are disturbing the country. At the same time, they retain a considerable power of intimidation over their Chinese compatriots. The difficulties of eradicating their menace completely will not be overcome quickly.

Cabinet Office, S.W. 1,
8*th October*, 1948

C224465

UNCLASSIFIED

P.M.M. (48) 8

8*th October*, 1948

MEETING OF PRIME MINISTERS

UNITED KINGDOM BALANCE OF PAYMENTS

NOTE BY THE SECRETARIES

WE circulate herewith a copy of a White Paper on the United Kingdom Balance of Payments, 1946 to 1948, presented to the United Kingdom Parliament by the Financial Secretary to the Treasury on 16th September, 1948.

(Signed) NORMAN BROOK.
GILBERT LAITHWAITE.

Cabinet Office, S.W. 1,
8*th October*, 1948.

35987—1

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224466

UNITED KINGDOM BALANCE OF PAYMENTS 1946 to 1948

Presented to Parliament by the Financial Secretary to the Treasury by Command of His Majesty
September 1948

LONDON
HIS MAJESTY'S STATIONERY OFFICE
THREEPENCE NET

Cmd. 7520

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C 224467

INTRODUCTORY NOTES

1. In this paper, which has been prepared in the Treasury, the estimates of the United Kingdom Balance of Payments given in Cmd. 7324 (United Kingdom Balance of Payments, 1946 and 1947) have been revised and brought up to date. Provisional estimates for the first half of 1948 are included, and may be read in conjunction with the forecasts in the Economic Survey for 1948 (Cmd. 7344).

2. There are a number of additions and amplifications to the form of the tables in Cmd. 7324:

Table I, the current account with the whole world, shows details of imports divided into main classes. (The principal differences between the classification adopted here and in Table III, and the classification used in the Trade and Navigation Accounts are set out in the Notes to this table.) Under the heading of "Government overseas expenditure", normal expenditure (Item 2 (*d*)) has been separated from special transactions of a discontinuous nature (Item 2 (*e*)). An estimate of receipts from travel in the United Kingdom, business and private, is shown for the first time; as separation of tourist from business travel is impossible, the scope of the parallel entry on the payments side has been correspondingly enlarged to include business travel.

Table II is a new table which divides the current account summary among certain important geographical areas.

Table III is also new. It sets out expenditure on the main classes of imports by geographical areas.

Table IV is on the same basis as the capital account in Cmd. 7324, with minor changes.

Table V gives figures of the drain on gold and dollar resources, half yearly in 1946, and quarterly thereafter.

3. The notes appended to the tables are designed to indicate methods, amplify some of the figures in the tables and explain certain significant changes whose origin would not otherwise be clear.

The following symbols have been used:

... = Not available
— = Nil or negligible

16*th September*, 1948

C224468

UNITED KINGDOM BALANCE OF PAYMENTS
1946 to 1948

TABLE I

CURRENT ACCOUNT

SUMMARY

£ millions

	1938	1946	1947	1948 First Half Provisional
PAYMENTS				
1. Imports (f.o.b.)				
(*a*) Food and feeding stuffs	...	553	739	427
(*b*) Raw Materials	...	342	525	309
(*c*) Tobacco	...	71	30	14
(*d*) Petroleum (civil)	...	54	71	59
(*e*) Manufactures and other imports ...	...	72	175	78
Total imports	**835**	**1,092**	**1,540**	**887**
2. Government overseas expenditure				
(*a*) Military	...	379	198	76
less war disposals and settlements	...	−152	−121	− 56
(*b*) Relief and rehabilitation	...	110	60	9
(*c*) Germany	...	40	80	12
(*d*) Administrative, diplomatic, etc. ...	...	35	36	21
(*e*) Other Government (net)	...	−121	− 46	− 5
Total Government overseas expenditure (net).	**16**	**291**	**207**	**57**
3. Shipping	**80**	**139**	**171**	**84**
4. Interest, profits and dividends ...	**30**	**80**	**102**	**59**
5. Films (net)	**7**	**17**	**14**	**7**
6. Travel	**40**	**40**	**73**	**24**
7. Total payments	**1,008**	**1,659**	**2,107**	**1,118**
RECEIPTS				
8. Exports and re-exports (f.o.b.) ...	**533**	**890**	**1,102**	**731**
9. Shipping	**100**	**160**	**201**	**117**
10. Interest, profits and dividends ...	**205**	**155**	**152**	**77**
11. Travel	**28**	**12**	**19**	**14**
12. Other (net)	**72**	**72**	**3**	**39**
13. Total receipts	**938**	**1,289**	**1,477**	**978**
14. SURPLUS (+) or DEFICIT (−) on CURRENT ACCOUNT.	**− 70**	**−370**	**−630**	**−140**
Of which : Visible trade ...	**−302**	**−202**	**−438**	**−156**
Invisibles	**+232**	**−168**	**−192**	**+ 16**

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224469

TABLE II

CURRENT ACCOUNT

DISTRIBUTION BY AREAS

£millions

	Western Hemi-sphere	Sterling Area	O.E.E.C. Countries	Other Countries	Total
1946					
Imports (f.o.b.)	521	398	131	42	1,092
Exports and re-exports (f.o.b.)	118	434	268	70	890
Surplus (+) or Deficit (—) on visible trade.	−403	+36	+137	+28	−202
Invisibles (net)	+ 43	−66	− 92	−53	−168
Total surplus (+) or deficit (—)	**−360**	**−30**	**+ 45**	**−25**	**−370**
1947					
Imports (f.o.b.)	716	511	230	83	1,540
Exports and re-exports (f.o.b.)	164	579	264	95	1,102
Surplus (+) or Deficit (—) on visible trade.	−552	+68	+ 34	+12	−438
Invisibles (net)	−118	+17	− 64	−27	−192
Total surplus (+) or deficit (—)	**−670**	**+85**	**− 30**	**−15**	**−630**
1948 First Half					
Imports (f.o.b.)	294	333	150	110	887
Exports and re-exports (f.o.b.)	117	357	179	78	731
Surplus (+) or Deficit (—) on visible trade.	−177	+24	+ 29	−32	−156
Invisibles (net)	− 18	+46	+ 11	−23	+ 16
Total surplus (+) or deficit (—)	**−195**	**+70**	**+ 40**	**−55**	**−140**

C224470

TABLE III

UNITED KINGDOM EXPENDITURE ON IMPORTS

DISTRIBUTION BY MAIN CLASSES OF COMMODITY AND BY AREAS

£ millions : f.o.b. values

	Western Hemi-sphere	Sterling Area	O.E.E.C. Countries	Other Countries	Total
1946					
Food and Feedingstuffs ...	284	209	51	9	553
Raw Materials	109	160	54	19	342
Tobacco	62	9	—	—	71
Petroleum (civil)	30	5	10	9	54
Manufactures and other imports	36	15	16	5	72
Total	**521**	**398**	**131**	**42**	**1,092**
1947					
Food and Feedingstuffs ...	360	281	82	16	739
Raw Materials	190	196	90	49	525
Tobacco	19	9	2	—	30
Petroleum (civil)	40	10	14	7	71
Manufactures and other imports	107	15	42	11	175
Total	**716**	**511**	**230**	**83**	**1,540**
1948 First Half					
Food and Feedingstuffs ...	140	197	54	36	427
Raw Materials	85	118	54	52	309
Tobacco	11	3	—	—	14
Petroleum (civil)	24	6	15	14	59
Manufactures and other imports	34	9	27	8	78
Total	**294**	**333**	**150**	**110**	**887**

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

TABLE IV

CAPITAL ACCOUNT

£ millions

—	1946		1947		1948 First Half Provisional	
I. Net change in gold and dollar resources.						
A. On United Kingdom account :		−342		−657		−186
1. Deficit with Dollar Area	−335		−606		−186	
2. Gold and dollar subscriptions to International Monetary Fund ...	− 7		− 51		—	
B. On Rest of Sterling Area account :		+ 45		−204		− 19
3. Deficit with Dollar Area	− 34		−281		− 28	
4. Gold and dollar subscriptions to International Monetary Fund and Bank	− 3		− 7		—	
5. Purchases of new gold from Sterling Area	+ 82		+ 84		+ 9	
C. On Whole Sterling Area account :						
6. Net gold and dollar receipts from or payments to other countries, etc.		+ 71		−163		− 49
7. **Total change in gold and dollar resources**		**−226**		**−1,024**		**−254**
II. Net change in United Kingdom external capital assets and other capital transactions.						
A. Non-Sterling Area :		− 71		+ 66		− 57
8. Gold and dollar subscriptions to International Monetary Fund and Bank	+ 7		+ 51		—	
9. Repayment of U.S. and Canadian loans	+ 32		+ 36		+ 17	
10. Sales and redemptions of U.S. and Canadian securities (net) ...	− 36		− 21		+ 4	
11. Other capital transactions	− 74		—		− 78	
B. Rest of Sterling Area :		− 34		+183		+145
12. Australian and New Zealand gifts...	—		− 30		—	
13. Other capital transactions	− 34		+213		+145	
14. **Total change in capital assets, etc....**		**−105**		**+249**		**+ 88**
III. Net change in sterling balances.						
A. 15. Non-Sterling Area Countries ...		+ 76		+ 2		−142
B. 16. Sterling Area Countries		− 37		−147		+116
17. **Total change in sterling balances** ...		**+ 39**		**−145**		**− 26**
IV. Summary.						
18. Net drain on United Kingdom gold and dollar resources		**226**		**1,024**		**254**
19. Net decrease in United Kingdom external capital assets, etc. ...		**105**		**−249**		**− 88**
20. Net increase in sterling balances ...		**39**		**−145**		**− 26**
21. **Total Overseas Disinvestment** ...		**370**		**630**		**140**

TABLE V

DRAIN ON GOLD AND DOLLAR RESOURCES

£ millions

	Total net drain on resources	Decrease in gold and dollar holdings	Drawn on: U.S. Credit	Drawn on: Canadian Credit	Drawn on: International Monetary Fund	South African Gold Loan	Receipts under E.R.P.
1946							
January–June ...	**80**	44	—	36			
July – December	**146**	− 96	149	94			
Total ...	**226**	− 52	149	130			
1947							
January – March	**227**	78	124	25			
April–June ...	**242**	− 7	236	13			
July – September	**381**	7	323	37	15		
October–December.	**174**	75	25	30	45		
Total ...	**1,024**	152	707	105	60		
1948							
January – March	**147**	− 40	74	11	22	80	
April–June ...	**107**	79	—	2	4	—	22
Total ...	**254**	39	74	13	26	80	22

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224473

NOTES TO TABLES

(Figures in brackets show values in £ millions in 1946, 1947, and first half of 1948 respectively)

TABLE I

The figures for 1946 onwards cover, so far as possible, actual payments and receipts derived from exchange control and other sources (exceptions to this rule being mentioned in succeeding notes). The figures in Items 1 and 8, therefore, may differ considerably from published figures of movements of imports and exports; this difference is quite apart from that between the valuation of imports c.i.f. in Trade and Navigation Accounts and f.o.b. in the Balance of Payments. The figures for 1938 are not strictly comparable as they are based on pre-war estimates by the Board of Trade from the Trade and Navigation Accounts and other data.

As many of the items, especially in the invisible account, are subject to a certain margin of error, deficits are shown to the nearest £5 million.

Item 1.—(i) Includes imports for re-export, imports through the Lend-Lease pipeline and imports under the European Recovery Programme.

(ii) Imports from the Channel Islands are included (7, 10, 5), as in the Trade and Navigation Accounts and the Economic Survey.

(iii) The classification of imports is that adopted for Departmental programming purposes, not that of the Trade and Navigation Accounts. The major differences from the classification in the Trade Accounts are that in the present table munitions and certain military equipment, which are covered by military expenditure, are excluded from imports; diamonds are also excluded. "Food and Feeding-stuffs" includes commodities classified as food and drink in the Trade Accounts, and in addition oilseeds and nuts, fats and oils (other than petroleum), and starch. "Raw Materials" includes all commodities classified as raw materials in the Trade Accounts (with the exception of oils and fats) and in addition iron and steel (including finished steel), non-ferrous metals, plywood, paper and board, leather, chemicals, dyes and colours, plastic materials and some types of textile yarns and piece goods. "Manufactures and other imports" includes all purchases of ships.

Item 1 (*a*).—Includes, in first half of 1948, the special cost of production payment (10) to Argentina under the Andes Agreement. This relates to food to be shipped up to early 1949.

Item 1 (*b*).—Includes imports of U.K. stocks (24, 13, 8), accumulated overseas and paid for during the war. A compensating offset is included as a receipt in the invisible account (Item 12).

Item 1 (*d*).—The difference between the f.o.b. value and the estimated overseas costs incurred by British companies in producing oil for import into the United Kingdom is allowed for in Item 12.

Item 1 (*e*).—Includes purchase of tankers and other ships (5, 45, 1).

Item 2 (*a*).—Represents overseas expenditure on the forces, including the f.o.b. value of oil for the forces in U.K. and overseas.

C224474

Item 2 (*b*).—UNRRA and advances to devastated countries. Includes the value of U.K. exports and re-exports by UNRRA (51, 21, 2). (See note to Item 8.)

Item 2 (*c*).—Identifiable net cost to H.M. Government of supplies and services to the civilian population in Germany. Excludes occupation costs. Includes the excess (16, 4, 9) of the value of goods and services supplied by the U.K., without immediate payment, over the value of such goods received. The full value of the U.K. imports and exports is included in Items 1 and 8. Reparations deliveries are excluded throughout.

Item 2 (*d*).—This item covers normal overseas Government expenditure, including pensions and Colonial Office expenditure on development and welfare.

Item 2 (*e*).—This is a miscellaneous item. The main components are specified below (minus sign equals net receipt):

£ millions

	1946	1947	1948 First Half
Sales of wool held abroad	− 56	− 13	− 3
Lend-Lease: Reimbursements, and goods received under the 1945 settlement	− 48	− 3	—
Repayment to H.M.G. of loans and advances (net)	− 22	− 17	− 2
Settlement with Canada (net)	20	—	—
Other (net)	− 15	− 13	—
	−121	− 46	− 5

Items 3 *and* 9.—Partly estimated. Excludes tankers' disbursements and oil freights which are embodied with other oil transactions in Item 12.

Item 4.—Excludes, so far as possible, service on foreign loans paid through London agents.

Item 6.—Includes business travel (roughly estimated at 12, 16, 9).

Item 8.—Estimates of actual receipts for commercial exports and re-exports, including those to the Channel Islands (10, 13, 8), exports of oil equipment to British companies operating abroad (offset in Item 12), non-commercial exports and re-exports by UNRRA (see Item 2 (*b*)) and those to Germany (see Item 2 (*c*)).

Item 10.—Excludes insurance, shipping and oil.

Item 11.—Includes business travel. The amount cannot be distinguished.

Item 12.—This is a miscellaneous collection of receipts and payments. The principal components are the overseas transactions of British oil companies, insurance, expenses on the upkeep of British enterprises abroad, commissions, royalties and private remittances. It also includes the offsets for items shown elsewhere in the Table for which actual payments in cash have not been made or received, referred to above, and an allowance for errors and omissions on current account.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

TABLE II

1. For the purpose of this table and of Table III, Egypt and Sudan are included in the sterling area until 30th June, 1947, and Palestine and Trans-Jordan until 31st December, 1947, thereafter in " Other Countries ".

2. " Western Hemisphere " excludes British and European Colonies (see note 3 below), but includes the Philippines.

3. " O.E.E.C. countries " is used to describe non-sterling area members of the Organisation for European Economic Co-operation—France, Italy, Belgium, Luxemburg, Netherlands, Sweden, Norway, Denmark, Switzerland, Portugal, Austria, Greece, Turkey, the Bizone and French Zone of Germany, and Trieste, together with their dependent overseas territories (but imports of oil from U.S. companies operating in the Dutch West Indies are regarded as coming from a " Western Hemisphere " source).

4. The deterioration in the Western Hemisphere balance on invisible account between 1946 and 1947 was mainly due to the increased cost of Germany (from 28 to 54), the reduction in special Government receipts (see Note to Item 2 (*e*)), and an increase in miscellaneous commercial and financial expenditure. The improvement in the first half of 1948 compared with 1947 has resulted from the cessation of direct expenditure in the Western Hemisphere on Germany, and an increase in net receipts from shipping and oil.

TABLE IV

CAPITAL ACCOUNT

Section I.

1. An attempt is made here to allocate the net decrease in United Kingdom gold and dollar resources so far as possible between the United Kingdom and the Rest of Sterling Area. As regards the dollar area no serious difficulty arises although even here excessive weight may have been given to the United Kingdom share—for example, the whole of British oil companies' production expenditure in dollars is allocated to the United Kingdom though much of the output is sent to the Rest of the Sterling Area. Any valid allocation is impossible when dealing with the gain or loss of resources to countries which convert only part of their sterling receipts into gold or dollars. This item is therefore attributed to the whole sterling area in Section IC.

2. " Dollar Area " covers U.S.A., Canada and other American Account countries.

Section II.

Item 9. — Mainly Reconstruction Finance Corporation and Canadian Interest-Free Loans.

Item 10.—Includes sales and redemptions of U.S. and Canadian securities applied to amortisation of the R.F.C. and Canadian Interest-Free Loans.

Item 11.—This is a miscellaneous item and includes changes in official holdings of foreign exchange other than gold and dollars, repayment by France of the loan by H.M. Government, and, in 1946, an allowance for net capital inflow into the United Kingdom. In the first half of 1948 the figure also covers the sale of British railways in Argentina (—150) and the advance

by H.M. Government to Argentina under the Andes Agreement (+100), partially offset by the value of goods (—29) exported by Argentina to the United Kingdom without current payment, under the provisions of that Agreement.

Item 12.—These gifts were effected by a reduction in sterling balances shown under Item 16.

Item 13.—Includes sales and redemptions of securities so far as known, and an estimate of capital investment and of the movement of funds from the United Kingdom to the Rest of the Sterling Area, including funds taken abroad by emigrants. It takes account of the " balancing item " involved in the construction of a complete United Kingdom balance of payments. The figure for the first half of 1948 is very tentative and may be subject to considerable amendment.

Section III.

Sterling balances comprise net liabilities of banks in the United Kingdom to their overseas offices and other account holders, including funds held as cover for overseas currencies, etc., and loans to H.M. Government expressed in sterling or sterling area currencies. Private holdings of securities and sterling balances of the International Bank and Monetary Fund are excluded. In this section Egypt, Sudan, Palestine and Trans-Jordan are included in the non-sterling area for the whole period.

Section IV.

In Sections I to III above changes in assets and liabilities are denoted by plus and minus signs bearing the normal interpretation, i.e., plus equals an increase and minus equals a decrease in each of the sections. In Section IV these changes are presented as parts of total overseas disinvestment. A decrease in reserves or in external capital assets and an increase in sterling liabilities are therefore shown as positive (sign omitted); an increase in reserves and in external capital assets and a decrease in sterling liabilities are shown as negative (minus sign).

TABLE V

DRAIN ON GOLD AND DOLLAR RESOURCES

1. " Gold and dollar holdings " means the Exchange Equalisation Account's holdings of gold, U.S. and Canadian dollars. These amounted to £473 million at 30th June, 1948.

2. Drawings on the International Monetary Fund include £7 million in January—March, 1948, and £4 million in April–June, 1948, drawn by India.

3. All figures are correct to the nearest £1 million and the totals, therefore, are not in all cases equal to the sum of the components.

(62773) Wt. 1181—171 9/48 D.L.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224477

LONDON
PRINTED AND PUBLISHED BY HIS MAJESTY'S STATIONERY OFFICE
To be purchased directly from H.M. Stationery Office at the following addresses:
York House, Kingsway, London, W.C.2; 13a Castle Street, Edinburgh, 2;
39-41 King Street, Manchester, 2; 1 St. Andrew's Crescent, Cardiff;
Tower Lane, Bristol, 1; 80 Chichester Street, Belfast
OR THROUGH ANY BOOKSELLER
1948
Price 3*d*. net

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224477

LONDON
PRINTED AND PUBLISHED BY HIS MAJESTY'S STATIONERY OFFICE
To be purchased directly from H.M. Stationery Office at the following addresses:
York House, Kingsway, London, W.C.2; 13a Castle Street, Edinburgh, 2;
39-41 King Street, Manchester, 2; 1 St. Andrew's Crescent, Cardiff;
Tower Lane, Bristol, 1; 80 Chichester Street, Belfast
OR THROUGH ANY BOOKSELLER
1948
Price 3*d*. net

C224478

SECRET

P.M.M. (48) 9

13*th October*, 1948

MEETING OF PRIME MINISTERS

STATUS OF HIGH COMMISSIONERS

NOTE BY THE PRIME MINISTER OF THE UNITED KINGDOM

THERE is general agreement that Commonwealth High Commissioners should be accorded a higher place in the order of precedence in the countries to which they are accredited. The specific suggestions which I made for this purpose in my telegram of 4th August have not, however, proved acceptable to all Commonwealth Governments. In the light of the comments received I now offer the following amended suggestions for giving effect to the object which we all have in view:—

(1) All Commonwealth Governments should agree in principle that, for purposes of precedence, High Commissioners should rank with foreign Ambassadors. The practical application of this principle would be for each Government to decide. The United Kingdom Government, for their part, would propose to treat High Commissioners and Ambassadors as separate groups on a footing of equality, and to submit to The King that both groups should rank immediately after the Lord Privy Seal. At functions where both Ambassadors and High Commissioners were present as a body, a system of "interleaving" would be adopted. It would be for the other Governments to decide whether to adopt a similar course or to arrange that, for purposes of precedence only, High Commissioners would rank among Ambassadors according to date of appointment.

(2) High Commissioners and Ambassadors should continue to be regarded as separate groups in the sense that a High Commissioner should not become doyen of the Diplomatic Corps.

(3) As regards precedence of High Commissioners *inter se*, it would be for each Government to decide whether precedence should be governed by date of appointment or by seniority of countries.

(4) As a further mark of enhancement of status, it would be open to each Government to accord to the High Commissioners of other Commonwealth countries the style "His Excellency the High Commissioner for . . . ."

(5) It would also be open to any Government which so desired to adopt a procedure whereby its High Commissioners would be appointed by The King, though it is not thought appropriate that the instrument of appointment should take the form of a Letter of Credence or other document addressed to His Majesty.

(6) Visiting Cabinet Ministers would not be given any place in formal Tables of Precedence, but as a matter of courtesy they would in practice be placed at formal functions above the High Commissioners of their countries—at least on any occasion when they were representing their Governments.

The suggestion has been put forward in some quarters that the title "High Commissioner" is now somewhat anomalous and should be altered. The United Kingdom Government appreciate this view and have considered very carefully the possibility of a change, but they have been unable to think of any wholly satisfactory alternative.

C. R. A.

10 *Downing Street, S.W.* 1,
13*th October*, 1948.

35985

9

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C 224479

UNCLASSIFIED

P.M.M. (48) 10

13th October, 1948

MEETING OF PRIME MINISTERS

GERMANY

NOTE BY THE SECRETARIES

WE circulate herewith a White Paper (Cmd. 7534), presented to the United Kingdom Parliament by the Secretary of State for Foreign Affairs on 11th October, containing an account of the events leading up to the reference of the Berlin question to the United Nations.

(Signed) NORMAN BROOK.
GILBERT LAITHWAIT

10

Cabinet Office, S.W. 1,
13th October, 1948.

35987—2

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C 224480

Germany No. 2 (1948)

GERMANY

AN ACCOUNT OF THE EVENTS LEADING UP TO A REFERENCE OF THE BERLIN QUESTION TO THE UNITED NATIONS

11th October, 1948

Presented by the Secretary of State for Foreign Affairs to Parliament by Command of His Majesty

LONDON
HIS MAJESTY'S STATIONERY OFFICE
ONE SHILLING NET
Cmd. 7534

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C 224480



Germany No. 2 (1948)

GERMANY

AN ACCOUNT OF THE EVENTS LEADING UP TO A REFERENCE OF THE BERLIN QUESTION TO THE UNITED NATIONS

11th October, 1948

Presented by the Secretary of State for Foreign Affairs to Parliament by Command of His Majesty

LONDON
HIS MAJESTY'S STATIONERY OFFICE
ONE SHILLING NET

Cmd. 7534

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224481

CONTENTS

	Page
INTRODUCTION	3
PART I—GENERAL REVIEW	5
A.—The Legal Basis of the Allied Occupation of Germany	5
B.—The Legal Basis of Four-Power Control in Germany	6
C.—The Basis of Allied Policy in Germany	7
D.—The Failure of Four-Power Control	8
PART II—THE BLOCKADE OF BERLIN	15
PART III—DISCUSSIONS IN MOSCOW AND BERLIN	20
ANNEXES : I—Report on the Tripartite Conference of Berlin (Potsdam Agreement): Section III—Germany and Section IV—Reparations from Germany	44
IIA—Identic Notes from the Governments of the United Kingdom and the United States addressed to the Government of the Union of Socialist Soviet Republics dated 6th July, 1948	47
IIB—Note from the Government of the French Republic addressed to the Government of the Union of Socialist Soviet Republics dated 6th July, 1948	49
IIIA—Identic Note of the Government of the Union of Socialist Soviet Republics addressed to the Governments of the United Kingdom and the United States dated 14th July, 1948	50
IIIB—Note of the Government of the Union of Socialist Soviet Republics addressed to the Government of the French Republic, dated 14th July, 1948	52
IV—Aide-mémoire delivered by the Representatives of the Governments of the United Kingdom, the United States and the French Republic to M. Zorin on 30th July, 1948	54
V—Oral Statement made by the United States Ambassador on behalf of the Representatives of the United States, the United Kingdom and the French Republic to Premier Stalin on 2nd August, 1948	55
VI—The Directive to the Four Military Governors in Berlin agreed to by the Governments of the United Kingdom, the United States, France and the Union of Socialist Soviet Republics on 30th August, 1948	56
VII—Joint Report of the Conversations of the Four Military Governors in Berlin, by the United Kingdom, United States and French Military Governors in Germany, dated 7th September, 1948	56
VIII—Aide-mémoire delivered by the Representatives of the United Kingdom, the United States and the French Republic to M. Molotov on 14th September, 1948	58
IX—Aide-mémoire of the Government of the Union of Socialist Soviet Republics delivered to the Representatives of the United Kingdom, the United States and the French Republic on 18th September, 1948	59
X—Identic Notes from the Governments of the United Kingdom, the United States and the French Republic addressed to the Government of the Union of Socialist Soviet Republics, dated 22nd September, 1948	61
XI—Identic Note of the Government of the Union of Socialist Soviet Republics addressed to the Governments of the United Kingdom, the United States and France, dated 25th September, 1948	62
XII—Identic Notes from the Governments of the United Kingdom, the United States and France to the Government of the Union of Socialist Soviet Republics dated 26th-27th September, 1948	64

C224482

GERMANY

AN ACCOUNT OF THE EVENTS LEADING UP TO A REFERENCE OF THE BERLIN QUESTION TO THE UNITED NATIONS

INTRODUCTION

The present situation in Berlin is the result of the failure of the Four Powers, owing to Soviet intransigence, to agree to a common policy for Germany. This intransigent attitude has been shown in breaches by the Soviet Government of the political and economic principles laid down at Potsdam.

The Soviet Government has withdrawn its representatives from the Allied Control Council for Germany in Berlin and from the Berlin City Kommandatura. It has unilaterally declared that the Governments of the United Kingdom, United States and France have forfeited their right to be in Berlin or to take part in the Four-Power occupation and administration of the city.

The culmination of the Soviet attitude of obstruction and intransigence has been the blockade of Berlin. The Soviet Government has, in clear violation of the obligations imposed by the Charter of the United Nations(1) to settle disputes by peaceful means, embarked upon a carefully prepared attempt to compel the Western Occupying Powers to abandon under duress their rights in Berlin. With this end in view the Soviet authorities have introduced a series of illegal measures which, consistently pursued, and progressively applied, amount to a blockade of all land and water communications between the Western Zones of Occupation and Berlin. This has not only endangered the maintenance of the Forces of Occupation of the United Kingdom, United States and France in Berlin, but has also jeopardised the discharge by these Governments of their duties as occupying authorities through the threat of starvation, disease and economic ruin for the population of Berlin. It is in these circumstances that the Western Powers have been forced to establish the air lift to supply food and fuel to the Western sectors.

The three Western Occupying Powers refrained, in the first instance, from introducing the new currency of Western Germany into the Western sectors of Berlin because they hoped for Four-Power agreement on Berlin's currency, just as they had worked patiently over a long period to secure Four-Power agreement on currency reform throughout Germany until this was made impossible by the withdrawal from the Allied Control Council on 20th March of the Soviet Military Governor. In regard to Berlin, the Western Powers offered to permit the Soviet Zone currency to circulate throughout the city provided that its issue and use was subject to Four-Power control. This was an essential condition since without it the Soviet authorities would be able, if they chose, to stifle the economic life of Western Berlin or to manipulate the new currency to serve their own ends. The Soviet authorities refused to agree to this condition and at once announced a currency conversion to cover both the Soviet Zone and the entire area of Greater Berlin. In order to safeguard their own position and to prevent the practical absorption of the Western sectors of Berlin in the Soviet Zone, the Western Occupying Powers introduced into the Western sectors a reformed currency linked to, but not the same as, that of the Western Zones.

(1) "Treaty Series No. 67 (1946)", Cmd. 7015.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

Faced with the action of the Soviet Government already described, the Governments of the United Kingdom, the United States and France have made every effort to arrive at a settlement by peaceful negotiations in accordance with the Charter of the United Nations. On their own initiative they opened discussions with the Soviet Government in Moscow and expressed their readiness, if agreement could first be reached on the lifting of the blockade between Berlin and the Western Zones of Occupation in Germany, to negotiate with the Soviet Government on all outstanding questions regarding Berlin and Germany as a whole. The result of these discussions, which were begun in Moscow, continued in Berlin, resumed again in Moscow and concluded by an exchange of notes between the Governments, has been to make it clear that the Soviet Government has no intention of reaching an agreement save on its own terms, the acceptance of which would have meant the immediate or progressive absorption of the Western sectors of Berlin within the Soviet Zone economy and the whittling away of the rights and obligations of the Western Occupying Powers to a point at which the whole city of Berlin was under exclusive Soviet domination. The blockade has been maintained throughout the talks, while the Soviet authorities in Berlin have tolerated attempts by minority groups sympathetic to their aims to overthrow the legal Municipal Government of the city constituted by democratic elections under Four-Power supervision.

It is thus clear that the Soviet Government intend to exact as a price for lifting their unlawful blockade of Berlin abandonment by the Governments of the United Kingdom, the United States and France of their rights in Berlin as Occupying Powers.

In these circumstances the three Governments have referred the action of the Soviet Government to the Security Council of the United Nations. His Majesty's Government have accordingly decided to publish an account of the events leading up to the present situation.

PART I.—GENERAL REVIEW

A.—The Legal Basis of the Allied Occupation of Germany

The Allies' rights as Occupying Powers arise from the total defeat and unconditional surrender of Nazi Germany.

In September, 1944, in anticipation of Germany's defeat, the Allied Powers represented in the European Advisory Commission (the United Kingdom, United States and U.S.S.R.) concluded an Agreement which defined the boundaries of the future Zones of Occupation and provided that there should be a special Greater Berlin area under joint inter-Allied authority. This area was not to form part of the Soviet or any other zone of occupation, and was to be divided into sectors, each to be occupied by one of the Allied Powers concerned. The Agreement also provided that an Allied governing authority (Kommandatura), consisting of Commandants appointed by the respective Commanders-in-Chief, should be established to direct jointly the administration of the Greater Berlin area. This Agreement, which, for the sake of clarity, will henceforth be referred to as the E.A.C. Agreement, was modified in November, 1944, and in July, 1945, in order to provide for participation by the French Government and for the creation of a fourth sector of Berlin occupied by France. The provisions of the E.A.C. Agreement were made known in a statement issued in Berlin on 5th June, 1945(2), two months before the Potsdam Conference, simultaneously with the Declaration regarding the defeat of Germany and the assumption of supreme authority by the Four Powers. The arrangements provided for in the E.A.C. Agreement on Zones of Occupation were put into effect with the withdrawal in June, 1945, of British and United States troops from parts of the Soviet Zone and the movement of troops of the Western Powers to Berlin.

The rights of the Four Powers to participate in the Occupation and Administration of Berlin and of their defined Zones of Occupation arise, therefore, from the E.A.C. Agreement which was made in anticipation of, and took effect in consequence of, the total defeat of the common enemy as a result of the joint efforts of the Four Powers. The right of the United Kingdom, the United States and France to be in Berlin is therefore, absolute and unqualified. The E.A.C. Agreement, from which this right derives, is completely independent of the Yalta(3) and Potsdam(4) Agreements and the Agreement on Control Machinery, referred to in the following section of this White Paper, having been concluded in its original form several months before the Yalta and Potsdam Conferences. This Agreement provided not only for the arrangements in respect of Berlin which have already been described, but also for the zones of occupation in Germany. Accordingly, in the summer of 1945, the United Kingdom and United States Governments withdrew their troops, which had pursued the German armies far to the east of the agreed boundary of the Soviet Zone, within the limits laid down by the E.A.C. Agreement. They naturally assumed that the Soviet Government would show the same good faith in regard to their own obligations concerning Berlin in the E.A.C. Agreement. The formal allegation contained in the Soviet Government's note of the 14th July, 1948 (printed as Annex III) that the Governments of the United Kingdom, and the United States and France have infringed the Yalta and Potsdam Agreements and also the Agreement on Control Machinery is untrue; but even if it were true it could

(2) "Germany No. 1 (1945)", Cmd. 6648.
(3) "Miscellaneous No. 7 (1947)", Cmd. 7088.
(4) "Miscellaneous No. 6 (1947)", Cmd. 7087.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

have no bearing on their juridical right to participate in the Four-Power occupation and control of Berlin, although the Soviet Government has contended in their Note under reference that by these alleged violations of Four-Power agreements the Governments of the United Kingdom, the United States and France have destroyed this right.

B.—The Legal Basis of Four-Power Control in Germany

As early as the Yalta Conference (3rd to 11th February, 1945) it was announced that:—

> "Co-ordinated administration and control has been provided for through a Central Control Commission consisting of the Supreme Commanders with headquarters in Berlin."

Further reference is made to co-ordinated administration in the "Declaration regarding the defeat of Germany and the assumption of supreme authority by the Governments of the United Kingdom, the United States of America, the Union of Soviet Socialist Republics and the Provisional Government of the French Republic" dated 5th June, 1945. In this assumption of supreme authority the Declaration lists a number of requirements which are imposed upon Germany and in which constant reference is made to the instructions, directions, etc., of the "Allied Representatives" who are defined as the "Representatives of the Supreme Command of the United Kingdom, United States of America, Union of Soviet Socialist Republics, and the French Republic."

On the same day (June 5th, 1945) the four Governments issued a "Statement on Control Machinery in Germany." This Statement was an implementation of an agreement on Control Machinery signed in the European Advisory Commission on 14th November, 1944, (two months after the Agreement on Zones of Occupation referred to in Chapter I) and was amended on 1st May, 1945, to provide for French participation. In the statement on Control Machinery it is expressly stated that:—

> ". . . supreme authority in Germany will be exercised on instructions from their Governments, by the British, United States, Soviet and French Commanders-in-Chief, each in his own zone of occupation, and also jointly in matters affecting Germany as a whole. The four Commanders-in-Chief will together constitute the Control Council.
>
> 2. The Control Council, whose decisions shall be unanimous, will ensure appropriate uniformity of action by the Commanders-in-Chief in their respective zones of occupation and will reach agreed decisions on the chief questions affecting Germany as a whole."

This statement was followed by the report of the Tripartite Conference of Berlin (the Potsdam Agreement), which amongst other provisions stated that:—

> "It was felt that further work of a detailed character for the co-ordination of Allied policy for the control of Germany . . . . would in future fall within the competence of the Allied Control Council."

Power was actually assumed by the Control Council by Proclamation No. 1 dated 30th August, 1945. This document refers to the Declaration and the statement of 5th June, 1945, and establishes the Control Council upon which is conferred supreme authority.

The agreements in this and the preceding chapter constitute the formal basis of Allied Occupation and Allied Control in Germany.

C.—The Basis of Allied Policy in Germany

The principles upon which Allied policy in Germany was to be based were defined in a number of agreements of which the two most important are those signed at Yalta and Potsdam.

The Yalta Agreement resulted from the Yalta Conference (3rd to 11th February, 1945). Since this Conference was held some time before the end of hostilities it laid greater stress on the military than on the political aspects of Allied policy towards Germany. The relevant section of the communiqué reads:—

> "It is our inflexible purpose to destroy German militarism and Nazism and to ensure that Germany will never again be able to disturb the peace of the world. We are determined to disarm and disband all German armed forces; break up for all time the German General Staff that has repeatedly contrived the resurgence of German militarism; remove or destroy all German military equipment; eliminate or control all German industry that could be used for military production; bring all war criminals to just and swift punishment and exact reparation in kind for the destruction wrought by the Germans; wipe out the Nazi Party, Nazi laws, organisations and institutions, remove all Nazi and militarist influences from public office and from the cultural and economic life of the German people; and take in harmony such other measures in Germany as may be necessary to the future peace and safety of the world."

The communiqué goes on:—

> "It is not our purpose to destroy the people of Germany, but only when Nazism and militarism have been extirpated will there be hope for a decent life for Germans and a place for them in the comity of Nations."

The Potsdam Agreement was signed in Berlin on 2nd August, 1945. This was a more detailed Agreement following upon Yalta. His Majesty's Government and the other Western Occupying Powers have been frequently accused of breaking the Potsdam Agreement, without any specific mention being made of the part of the Agreement which has allegedly been broken. The relevant sections dealing with the treatment of Germany are therefore reproduced as Annex I to this paper.

The aim of the Potsdam Agreement was to establish the conditions in which a new Germany, from which the spirit of Nazism and militarism had been eradicated, could eventually take its place in a peaceful and prosperous Europe. To this end detailed political and economic principles were laid down, certain of which were of cardinal importance for the immediate development of Germany towards unity, prosperity and security for the individual. For instance, in the political field, all discrimination on grounds of race, creed or political opinion was expressly forbidden. German education was to be so controlled as to make possible the successful development of democratic ideas; the judicial system was to be reorganised in accordance with the principles of democracy, of justice under law, and of equal rights for all citizens. Freedom of speech and of the press was proclaimed and provision was made for the establishment of democratic political parties. On the economic side, Germany was to be treated as an economic unit and steps were to be taken for the equitable distribution of essential commodities between the Zones. Common policies were to be adopted in regard to import and export programmes for Germany as a whole and also in regard to currency and banking.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224487

D.—The Failure of Four-Power Control

It was clear from the very beginning that there were many gaps in the Potsdam Agreement—gaps which were inevitable since that Agreement was a comparatively short statement of principle rather than a Statute Book for the Government of Germany, but gaps which had to be filled if the agreed principles were to be put into effect. But even had the Potsdam Agreement been more comprehensive, the experiment of Four-Power Control required that all four Allies should work together in a spirit of collaboration to carry out the obligations which the Agreement imposed.

This essential condition has not been met. Although at the outset of Four-Power administration some useful measures were passed, there has not been co-ordinated administration and control in accordance with the Yalta Declaration; the Control Council has not ensured uniformity of action by the Commanders-in-Chief in their respective Zones nor has it reached agreed decisions on all matters affecting Germany as a whole; still less have the German people as a whole been given the opportunity to prepare for the eventual reconstruction of their life on a democratic and peaceful basis as was agreed at Potsdam.

British Attitude

His Majesty's Government have always considered themselves bound by the provisions and the principles of the Potsdam Agreement and, in attempting to put these principles into effect, the British representative in the Control Council and elsewhere have followed a consistent, yet developing, policy. This also was summed up in a comprehensive statement which the Foreign Secretary transmitted to the Council of Foreign Ministers in Moscow and which he circulated again with minor amendments during the London session in November, 1947. In a document entitled "Supplementary Principles to Govern the Treatment of Germany," Mr. Bevin suggested certain principles in the political and economic field which, fully in conformity with the spirit of the Potsdam Agreement, should in the light of experience guide the Four Powers in their intention that the German people should reconstruct their life on a democratic and peaceful basis.

> "(1) To establish political conditions which will secure the world against any German reversion to dictatorship and any revival of German aggressive policy.
>
> (2) To establish economic conditions which will enable Germany to become self-supporting and to repay the expediture incurred on her behalf by the occupying Powers; which will enable her to make good the damage done by the war; and will further enable Germans and the world outside Germany to benefit from German industry and resources without re-establishing the economic foundations of an aggressive policy.
>
> (3) To establish constitutional machinery in Germany which will ensure these ends and which will be acceptable to the German people.
>
> (4) To establish with this end in view the maximum responsibility for, and interest in, political, administrative and economic developments along democratic lines on the part of the Germans themselves."

Soviet Policy

Unfortunately Soviet policy developed on different lines and, at the meeting of the Council of Foreign Ministers on 11th July, 1946, M. Molotov went so far as to declare that the proposal for economic unity put forward

C224488

by Mr. Bevin violated the Potsdam Agreement. Again at the Moscow Council of Foreign Ministers in March and April, 1947, he refused to listen to similar proposals.

The main point of divergence between Soviet policy and that of the other Allies was the question of the economic unity of Germany. The Four Powers were at least agreed that, in implementing the Potsdam Agreement, priority should be given to the achievement of economic unity. It was, in fact, specifically agreed on 2nd April, 1947, at the Moscow Council of Foreign Ministers that political agreement must be dependent on the achievement of economic unity. Moreover it has always been the opinion of His Majesty's Government that the main principles agreed at Potsdam must be taken as a whole; for instance, when speaking on economic principles in the Council of Foreign Ministers on 17th March, 1947, the Foreign Secretary said:—

> "It is our opinion that economic unity is of itself indivisible. By that I mean that we cannot act in some matters as if economic unity had been achieved, while in other important matters the principle is not applied."

Reparations

The history of Allied disagreement on the realisation of economic unity can only be made clear if the nature of the Soviet claim to reparations is fully understood. At the Yalta Conference in March, 1945, the Soviet representatives put forward a claim to ten thousand million dollars of reparations from Germany. This figure was never agreed by the other parties to the Conference and the British representative in particular made it clear that he regarded it as impracticably high. It was agreed, however, at Yalta that a Commission should be formed to work out a detailed reparations plan and one of the forms of reparations agreed for detailed discussion by the Commission was the taking of reparations from current production. Before any decision could be reached on the Yalta proposals the Potsdam Conference intervened. It has always been the view of His Majesty's Government that the decisions of the Potsdam Conference supplemented and in so far as they did not explicitly confirm the decisions of the Yalta Conference, superseded them.

The Potsdam Agreement about reparations (Part III of the Protocol) has, in the view of His Majesty's Government, to be interpreted in the light of certain crucial phrases in the Agreement on Economic Principles (Part II B of the Protocol). The opening sentences of Paragraph 19 of the Economic Principles read as follows:—

> "Payment of reparations should leave enough resources to enable the German people to subsist without external assistance. In working out the economic balance of Germany the necessary means must be provided to pay for imports approved by the Control Council in Germany. The proceeds of exports from current production and stock shall be available in the first place for payment for such imports."

This article of the Potsdam Agreement embodies one of the cardinal principles of the economic policy of His Majesty's Government towards Germany. The words quoted can only mean that current production shall be used to finance current imports, not that current production shall be used mainly to maintain a flow of deliveries to one Power by way of reparations. His Majesty's Government have also had always in mind their obligations under Article 14 of the same Agreement which provides that "during the

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

period of occupation Germany shall be treated as a single economic unit" and that:

"To this end common policies shall be established with regard to:

. . . . . .

(*d*) Import and export programmes for Germany as a whole;

. . . . . .

(*f*) reparation and removal of industrial war potential."

Paragraph 14 of the Economic Principles of the Potsdam Agreement further contains the explanatory note that "in applying these policies account shall be taken, where appropriate, of varying local conditions." Although the Control Council had, on 20th September, 1945, already approved the establishment of a common export-import programme, the Soviet delegate, on 5th April, 1946, stated in the Economic Directorate that each Zone should be responsible for its own trade and, on 3rd May, 1946, General Dratvin justified this contention by interpreting the note referred to as meaning that local conditions in the Soviet Zone as a whole could prevent the application to it of the economic principles of the Potsdam Agreement. He categorically refused to agree that until Germany was self-supporting, no Occupying Power should remove from its Zone reparations from current production and stocks.

Breakdown of Inter-zonal Trade

The result of this attitude on the part of the Soviet Government has been that the essential free economic exchange between the hard coal, steel, fertilisers and other commodities of Western Germany and the grain, potatoes, timber, brown coal and special machinery of Eastern Germany has been virtually restricted to a rigid process of barter and the whole process of European recovery has been thereby retarded. The economic division of Germany has, moreover, forced the Governments of the United Kingdom and United States to import at their own expense into Western Germany materials, especially foodstuffs, which should, under the Potsdam Agreement, have been paid for by the proceeds of exports, including goods produced in Eastern Germany which are now either used by the Soviet Army on the spot or sent as reparations to Russia.

The Soviet authorities have, moreover, consistently and intransigently refused information on any point connected with the economy of their Zone. In June, 1946, for example, they refused to give figures for the issue of Marks in their Zone. At the meeting in New York in December, 1946, and finally at the London meeting of the Council of Foreign Ministers in December, 1947, M. Molotov refused to give any figures for the reparations already taken by the Soviet authorities from their Zone unless the Governments of the United Kingdom the United States and France would first agree to a scheme involving a total reparations payment to the Soviet Union of 10,000 million dollars over a period of 20 years. Mr. Bevin, on this occasion put forward the estimate that, by December, 1947, the Soviet Government had already taken a total of 7,000 million dollars worth of reparations from Germany, while Mr. Marshall estimated that the Soviet Union was at that time extracting assets from current production in Eastern Germany at the rate of 500 million dollars annually at a time when the United States and United Kingdom Governments were importing food alone into Western Germany at the rate of 700 million dollars a year.

The essence of the failure of the Four Powers to achieve economic unity lies, therefore, in a conflict between the Soviet Government's demands for reparations, and, consequently, for exclusive economic control of its own Zone, and the desire of the Governments of the United Kingdom and the

United States, in the interests of the German people and of their own taxpayers, to balance the economy of Germany as a whole and achieve a unified plan for exports and imports.

Paragraph 15 of the Economic Principles specifically refers to the "equitable distribution of essential commodities between the several Zones so as to produce a balanced economy throughout Germany and to reduce the need for imports" as an objective of Allied control. In total disregard of this and the above-quoted provisions of the Potsdam Agreement, it has been the policy of the Soviet Government to absorb exclusively a very high proportion of the production of their Zone; and by so doing they have increased the burden imposed on the Governments of the United Kingdom and United States of providing, at the cost of their taxpayers, the imports necessary to put Western Germany on its feet. German feeling on this subject has been graphically expressed in a current comparison of Germany to a cow which was fed from the West and milked from the East.

Preliminary Protective Measures

In order to diminish this drain upon United Kingdom and United States resources, and in order to prevent the total economic collapse of Western Germany, it became urgently necessary to take certain steps. In July, 1946, Mr. Byrnes, at that time the United States Secretary of State, announced that, pending agreement on the treatment of Germany as an economic whole, the United States Government was prepared to enter into agreement with the Government of any other Occupying Power for the treatment of their two Zones as one economic unit. He made it clear at the time that such arrangements would not conflict with quadripartite control and that the proposal was not intended to divide Germany, but to hasten its unity. His Majesty's Government accepted this offer and, on 2nd December, 1946, a Bizonal Fusion Agreement was signed in New York(5). The Agreement specifically said:—

> "They [i.e., the representatives of the two Governments] have taken as the basis of their discussion the fact that the aim of the two Governments is to achieve the economic unity of Germany as a whole, in accordance with the Agreement reached at Potsdam on 2nd August, 1945. The arrangements set out hereunder for the United States and United Kingdom Zones should be regarded as the first step towards the achievement of the economic unity of Germany as a whole, in accordance with that Agreement."

There follows a significant statement. It reads:—

> "The two Governments are ready at any time to enter into discussions with either of the other Occupying Powers with a view to the extension of these arrangements to their Zones of occupation."

At the same time steps were taken to bring about the economic unity of the two Zones by merging the separate German economic administrations. The Anglo-American agreement establishing this integration expressly provided for the entry of the Russian and French Zones at any time. In May, 1947, to increase the efficiency of the bi-zonal economic organisation and to grant greater responsibility to German authorities, a central economic administration was set up in Frankfurt. It had by then become obviously desirable that the political parties, whose representatives in the Land Diets had been concerned with economic problems on a Land level, should equally be allowed a voice in the direction of economic affairs on a bi-zonal level. An Economic

(5) "Treaty Series No. 65 (1946)", Cmd. 7001.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

Council was accordingly set up composed of members nominated by the political parties represented in the popularly elected Land Diets. At the same time an Executive Committee consisting of the Heads of the Land Governments was formed to protect the interests of the Länder and to supervise the work of the German executive departments. Once again the two Military Governments expressed the hope on this occasion that the other Occupying Powers would accept the permanently open invitation to participate in this economic fusion.

Widening Disagreement.

These steps were merely palliatives intended to save the two Zones concerned from swift economic disaster and they in no way precluded Four-Power agreement on the German problem as a whole. Unfortunately no such agreement was achieved.

While, owing to the Soviet attitude towards freedom of movement, knowledge of conditions in the Soviet Zone only reaches the world with difficulty, it became clear over a period of time that, quite apart from their infringements of the Potsdam economic principles, the Soviet authorities were violating in their Zone the fundamental personal and political freedoms prescribed by the Potsdam agreement. Within the Soviet Zone the population are not accorded freedom of speech or of information. The judiciary is not independent and thousands of people, including children have been arbitrarily arrested and confined in concentration camps within the Soviet Zone or deported to the Soviet Union. Skilled workers have also been forcibly removed to the Soviet Union. In addition the Soviet authorities have used pressure and discrimination against all political parties who oppose the Socialist Unity Party, which is under Communist control.

At the same time, the Soviet Government embarked upon a carefully planned propaganda campaign designed to divert attention from those malpractices or infringements of Four-Power Agreements which the Soviet authorities were committing, or proposed to commit, and to persuade public opinion by a process of reiteration, that it was France, the United Kingdom and the United States who had broken the economic and political principles of the Yalta and Potsdam Agreements and the Agreement on Control Machinery.

From the summer of 1947 onwards, Four-Power disagreement on the application of both the economic and political principles of the Potsdam Agreement has been aggravated by the Soviet Government's refusal to participate in the European Recovery Plan and its avowed hostility to the implementation of the Plan by others, while the London meeting of the Council of Foreign Ministers in November and December 1947 showed clearly that the Soviet Government had come to regard that body as a rostrum for propaganda rather than as a forum for negotiation.

Soviet Claim to Participate in Ruhr Control

The character of the differences that had arisen between the Four Powers was further exemplified in the Soviet Government's pursuit of its claim to participate in the control of the Ruhr even in the absence of economic unity.

This particular demand was first advanced by Generalissimo Stalin and M. Molotov at the Potsdam conference, but it proved impossible to reach agreement upon it. His Majesty's Government declined to enter into such a commitment without consultation with the French Government, which was

not represented at the conference, but which was directly concerned. Moreover with the transfer to provisional Polish administration of the German Silesian territory the second largest industrial concentration in Germany was withdrawn from the scope of any possible measure of Four-Power control and subjected wholly to Soviet influence. The Soviet Government refused to fulfil its obligations to maintain German economic unity so that the industrial areas of Saxony and Thuringia were also outside Four-Power control. His Majesty's Government refused to accept any special régime involving participation by the Soviet Government in the administration of the Ruhr unless, reciprocally, Four-Power control were to be extended to the rest of German industry. In the absence of such a reciprocal concession and in the light of the Soviet attitude to the European Recovery Plan, it became clear that the Soviet claim to participate in the control of the Ruhr was in fact a claim to be allowed to sabotage the recovery of Western Europe.

Mr. Bevin's Statement of 22nd January

Faced with this attitude on the part of the Soviet Government, the Secretary of State, speaking in the Foreign Affairs debate in the House of Commons on 22nd January, 1948, summarised the steps which the three Western Powers had been compelled to take in their Zones of Germany and struck a note of warning.

> "We have been in favour of a centralised German Government, but not an over-centralised German Government which, in our view, could be a danger to peace. In this I believe the Americans, the French and ourselves, despite slight differences between us, can reconcile our views. On the other hand, the Soviet Government are pressing for an over-centralised Government which we know could be used in the same way to develop a one-party dictatorship as has been done in the Eastern European countries, and we cannot agree to it.
>
> It became clear a year ago that Germany was to be made, as a result of the series of disagreements between the Great Powers, a terrific financial liability on the United States and ourselves. No food was to come from the East into the West, no exchange, and hence the burden would fall upon our exchequers. I indicated that we had to make it pay by hook or by crook. We really had to make our Zone go, and take the liability off the taxpayer here. Then the Americans offered fusion of the two Zones in 1946, and negotiations for the first fusion agreement then took place in New York . . . we have tried to make this fusion work, and work better, by setting up an Economic Council. We are still hopeful in Germany, and I hope I shall not be told I am too patient—because I am not waiting. We are going on with the work. By taking the right lines in our bi-zonal organisation in Germany, I believe that in the end we shall achieve a proper organisation of Central Europe. We have first to get the organisation on our own side efficient.
>
> Later in 1947 we proceeded with a new fusion agreement. Now, as a result of talks between the American Military Governor and our Military Governor, we have improved, expanded and extended the Economic Council as an interim basis. But that is an interim matter, and in a few weeks' time it is intended that the British, French and Americans shall have an exchange of views on the three Zones, as well as the two. Those talks will take place at a very early date. What we have done up to now is an interim arrangement."

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224493

The Three- and Six-Power Conferences

This statement by the Foreign Secretary was made after the failure of the London meeting of the Council of Foreign Ministers had made it clear that although the Soviet Government continued to represent itself as the champion of the principle of German unity, its intransigence prevented the achievement of that unity on any terms which were acceptable to the Western Occupying Powers or compatible with the restoration of the economic well-being of Western Europe. Thus, for the palliative measures which had been so far employed, it became necessary to substitute some more comprehensive arrangements. Denied by the Soviet attitude the possibility of applying to all four zones of occupation the economic and political principles of the Potsdam Agreement, it had become imperative for the three Western Occupying Powers to reach agreement among themselves on the uniform application, in the first place and as a provisional measure, to the three Western Zones of those principles to which the whole of Germany was entitled. The conference, the summoning of which the Foreign Secretary had foreshadowed in his speech of 22nd January, met in London in March and took under consideration:

(*a*) The economic rehabilitation of Germany.

(*b*) Security against revival of German aggression.

(*c*) The incorporation of Germany in the European Recovery Programme.

Discussions began in March on a Three-Power basis and a Benelux Delegation was immediately invited to take part. The talks were pursued in April and May and produced a wide measure of agreement.

After re-affirming the security requirements of the Western Powers in relation to Germany and making provision for the international control of the Ruhr, the Conference agreed, after careful study, that a political and constitutional programme was necessary in the three Western Zones if the German political parties were reasonably to be asked to accept the requisite measure of responsibility for their own economic revival. In order to enable Western Germany to play her proper part in the European Recovery Programme, the conference agreed that a responsible provisional German Government for the three Western Zones should be created (within the framework of Allied security requirements) at the earliest possible date.

Currency Reform and Constitutional Development

In the light of this overall programme the three Western Occupying Powers decided to introduce into their Zones of Occupation, without further delay, a long-overdue currency reform. Attempts to achieve this reform by Four-Power negotiation in Berlin, after long months of discussion, had broken down when the Russians walked out of the Control Commission in March. The reform was put into operation in the Western Zones on 18th June and has had a most beneficial effect. As a result money now has real value in Western Germany. Production has increased, the black market has been crippled and absenteeism has been greatly reduced.

In execution of the decision to create a responsible German government for the three Western Zones, the three Commanders-in-Chief met the Ministers-President of the Land Governments in the Western Zones and invited them to prepare plans for the convocation of a constituent assembly. This body, the Parliamentary Council, was convened at Bonn on 1st September, 1948. After careful study of the basic principles which the three Allied Powers

C224494

had indicated as necessary for the framing of a democratic constitution, the Council is now engaged in full and free discussion of the future provisional constitution for Western Germany.

These steps do not preclude the creation by Four-Power agreement of a government for the whole of Germany. Indeed, in the face of the policies at present pursued by the Soviet Government in Germany, they constitute the most hopeful and progressive course which can be taken towards the reconstruction of German political life on a free and responsible basis and the reconstitution of Germany as a member of the community of European nations.

PART II.—THE BLOCKADE OF BERLIN

Early in 1948 the Soviet authorities began to interfere with access to Berlin.

The Soviet Government has maintained first that its measures restricting communications, transport and commerce between Berlin and Western Germany were necessitated by "technical difficulties" and then that they were "defensive" against conditions created by the currency reform in Western Germany and Western Berlin. They have also alleged that large quantities of equipment were being moved to Western Germany from Berlin. The following chronological record of events reveals that many of the Soviet restrictive measures were imposed months before the currency reform in the Western Zones of occupation and that they were the systematic products of a deliberate coercive purpose rather than the results of genuine technical difficulties. The blockade was virtually complete before the Western Mark "B" was introduced into Berlin. The allegations of large-scale removals of equipment to the West were unjustified.

On 24th January, 1948, the Berlin to Bielefeld night train carrying British officials and 120 Germans, whose journey had been sponsored by the British authorities, was detained for 11 hours in the Soviet Zone. The Germans were eventually returned to Berlin on the grounds that they carried insufficient documents. The British authorities showed willingness to meet all reasonable demands for documentation. Only later did it become apparent that this was the beginning of a systematic programme to blockade the city by land and water.

On 30th March, 1948, ten days after the Soviet Delegation had walked out of the Allied Control Council meeting, the Soviet Deputy Military Governor, General Dratvin, stated in a letter to the United States, French and British Military Governments that supplementary provisions regarding communications between the Soviet and United States, French and British Zones of occupation in Germany would be put into effect on 1st April, 1948. These provisions, which were contrary to practice established since the quadripartite occupation of Berlin, set forth that:

(1) United States, French and British personnel travelling through the Soviet Zone by rail and highway must present documentary evidence of identity and affiliation with the United States, French and British Military Administrations of Germany;

(2) Military freight shipments from Berlin to the Western Zones must be cleared through Soviet check points by means of a Soviet permit; freight shipments into Berlin would be cleared by accompanying documents;

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224495

(3) All baggage must be inspected at Soviet check points, with the exception of personal belongings of United States, French and British personnel carried in a passenger railway car or a passenger automobile.

The United States and British Authorities in reply stated their readiness to discuss the provision of additional documentation but protested against the 24-hour ultimatum and refused to recognise the right of the Soviet Authorities to impose a unilateral decision as to what persons or goods might enter and leave Berlin, or to interfere with or enter Allied military trains. These protests were of no avail.

Meanwhile on 1st April, two United States passenger trains were stopped at the Soviet Zone border and turned back upon refusing to accept Soviet inspection. Two British trains were turned back for the same reasons.

From 1st April, the Soviet Authorities refused to permit mail cars containing packages to depart from Berlin to the West, and demanded the filing of additional forms, the character of which was not adequately clarified. On 3rd April, 1948, the Soviet Authorities closed the Hamburg-Berlin and Bavaria-Berlin rail routes requiring all freight to move to Berlin via Helmstedt.

For three days from 2nd April inland water transport from the British Zone to Berlin was held up, on the grounds that the shipping permits were invalid.

On 2nd April the Soviet Authorities requested the British and United States Authorities to close their aid stations on the highway between Helmstedt and Berlin.

A few days later the Soviet Authorities also requested the removal by 15th April of the British and United States Signal Corps men in the Soviet Zone who maintained the official telephone lines. A United States protest of 9th April was without effect.

On 9th April the Russians ordered that consignment notes for all goods in inter-zonal traffic leaving Berlin must be stamped by them and that the stamp of the Berlin Magistrat was no longer valid. On 16th April consignment notes for rail freight began to be issued in very limited numbers. Outgoing road freight was subject to arbitrary interference.

On 20th April, the Soviet Authorities imposed the requirement for individual clearance of barges moving through the Soviet Zone to and from Berlin. A protest by the British Authorities had no effect.

On 22nd April the international train service from Berlin was suspended by Soviet refusal to continue to allow the Nord Express through-coaches to be attached to German passenger trains.

On 30th April some British military freight travelling by road from Berlin was turned back on the ground that it was inadequately documented and on 7th May two German freight trains travelling from the West were similarly stopped.

On 20th May the Russians introduced a stricter documentation for barges which throttled traffic, while five days later they announced that all military freight travelling to Berlin after 1st June must show on the waggon (a) the consignee, (b) the unloading station, (c) the contents. Between 1st and 4th June three West-bound mail trains were held up and one British military freight train was stopped and the sealed waggons broken open.

C224496

On 9th June the Russians began to turn back most Germans trying to enter the Soviet Zone from the West by road or rail. On the same date the Soviet Authorities, by orders to German railway officials, tried to interfere with operations in the railroad yards in the United States sector of Berlin. This interference was prevented by the appearance of United States military guards.

This action was followed next day by a hold-up of five coal trains destined for Berlin—the excuse was insufficient documentation. On 11th June all trains from the West were stopped and when resumed next day large numbers of waggons were rejected as " defective ".

On 15th June the Soviet Authorities closed the Elbe bridge on the autobahn between Berlin and the west for repairs. A détour and ferry service were arranged.

On 16th June the Soviet Delegation walked out of the Allied Kommandatura of Berlin.

On 18th June General Robertson wrote to Marshal Sokolovsky informing him that as the long-continued *impassé* in securing a quadripartitely-agreed scheme of financial reform for Germany as a whole was unlikely to be resolved in the foreseeable future the economic stagnation in the British Zone compelled him to include the British Zone in a scheme of currency reform to be introduced in the three Western Zones on 20th June. The text of the letter is as follows:—

> " To Marshal Sokolovsky. As you know, we have striven for many months to reach quadripartite agreement on a currency and financial reform which would apply to the whole of Germany. I am still firmly convinced that the only satisfactory course is to have financial reform on an all-German basis. To my great regret it does not seem possible to achieve this in the foreseeable future. Meanwhile the economy of the British Zone is suffering acutely from the evils of inflation and of economic stagnation which our quadripartite proposals for financial reform were designed long ago to eradicate, and I feel that I am not justified in waiting any longer before taking remedial measures. I have therefore decided to include the British Zone in a scheme of currency reform to be introduced into the Western Zones on Sunday, 20th June. Advance copies of the relevant laws will be sent to you.
>
> " The British sector of Berlin will remain unaffected by this decision. I recognise the special circumstances of quadripartite government in Berlin and have no wish to disturb it, unless it becomes unavoidable. Meanwhile it will be my first care to ensure that all appropriate measures are promptly taken for the maintenance of trade and exchange between the British Zone and Berlin and between the British and Soviet Zones.
>
> " I can only hope that it will be possible for the Occupying Powers to agree at an early date to reintroduce a single currency for the whole of Germany as well as to take the other measures of economic unity, to which we have always attached so much importance."

On 19th June the Soviet authorities suspended all passenger traffic between the Western and Eastern Zones. All road traffic from the Western Zones into the Soviet Zone, including traffic on the autobahn to Berlin, was also stopped. Incoming rail freight was reduced in volume by changes in technical procedure and water transport was subject to stricter regulations.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

Soviet traffic restrictions issued on 19th June were followed by further prohibitions in the following week. West-bound road traffic only was still permitted for a time, subject to Soviet control at check points. Mail and parcel post traffic was completely suspended.

The French Commandant, Chairman of the Berlin Kommandatura, on 19th June invited the other members to a special meeting to discuss the effects of the currency reform on Berlin, but the Soviet member declined the invitation.

However, on 22nd June, at the request of the three Western Powers, a quadripartite meeting of Financial and Economic Advisers took place in Berlin to discuss the problem of currency for the city. The Soviet representative insisted that there could be no currency for Berlin different from the currency of the surrounding Soviet Zone. The representatives of the Western Powers replied that they could understand the reasons for this and were prepared to accept the Soviet Zone currency as the sole currency for Greater Berlin provided that its issue and continued circulation was made on the authority and subject to the control of the Four-Power Kommandatura of the city. This was refused by the Soviet representative and after the meeting the Soviet authorities announced a currency reform to cover not only the Soviet Zone but also the whole of Greater Berlin.

Immediate action was necessary if the Western Powers were to be able to prevent the economic life of the Western sectors coming under complete Soviet domination, and they therefore announced the introduction into these sectors of the new Deutschmark of the Western Zones (overstamped "B" for Berlin). General Robertson's letter dated 23rd June to Marshal Sokolovsky informing him of this decision reads as follows:—

"My dear Marshal,

I have received your letter of 22nd June advising me of the measures which you propose to take for currency reform in the Soviet Zone and Berlin.

"I have no wish to cause difficulties to you in your Zone nor to complicate economic life in the city of Berlin. I was, and am, prepared to consider any reasonable arrangements for the use of a single currency in Berlin under quadripartite control, not excluding the possibility of this being the same as that in use in your Zone. At the meetings between our respective staffs yesterday, my representatives made this clear. They stipulated however that the orders for introducing these measures in Berlin must be quadripartite orders, since Berlin is under quadripartite jurisdiction, and no one Power can make enactments valid for the city as a whole.

"I am sorry that you have been unable to accept this stipulation, the justice of which cannot be questioned. I note with regret that your orders purport to apply to the entire city of Berlin. It is impossible for me to accept this position, and I am compelled to join with my American and French colleagues in the issue of separate instructions and currency in order to protect the interests of the German population of my sector.

(Signed) B. H. ROBERTSON."

On 23rd June the Soviet authorities suspended all railroad passenger and freight traffic into Berlin, because of alleged "technical difficulties" on the Berlin-Helmstedt railway line. They also stopped barge traffic on similar grounds. These steps virtually completed the blockade of Berlin by land and water.

On 24th June, because of these unacceptable restrictions, the United States and British authorities ordered all freight trains from the United States and British Zones to the Soviet Zone to be stopped. Traffic from the East continued to be accepted.

Shortly before midnight on 23rd June the Soviet authorities issued orders to the Berlin central electric switch-control station (located in their sector) to disrupt delivery of electric power from Soviet Zone and Soviet sector plants to the Western sectors. Shortage of coal was given as a reason for this measure.

On 24th June the Soviet authorities issued orders prohibiting the distribution of any supplies from the Soviet Zone to the Western sectors of Berlin, thereby violating a Four-Power agreement for supplying Berlin from a common pool. The Western Powers thereupon forbade distribution of any supplies from Western sources to the Soviet sector of Berlin.

On 26th June, General Robertson in a letter to Marshal Sokolovsky protested against the interruption of essential freight traffic between Berlin and the West.

On 29th June, Marshal Sokolovsky answered General Robertson's letter. He described the restrictions on passenger traffic between the three Western Zones and the Soviet Zone (but not Berlin) as connected with the currency exchange and announced the re-establishment of rail facilities for movement of the German population. He stated that the restrictions on traffic to Berlin by road must be retained to prevent conveyance to Berlin of currency from the Western Zones. He announced that the technical defects on the railroad line to Berlin were in process of elimination and declared his expectation that traffic would recommence as soon as possible. He protested against the stoppage by the British authorities of freight train movements between the Soviet and British Zones.

General Robertson answered this letter on 3rd July, reiterating his willingness to discuss the use of one currency in Berlin. He repeated his request for the resumption of normal transport facilities between Berlin and Western Germany.

On 3rd July, Generals Robertson, Noiret and Clay, visited Marshal Sokolovsky. General Robertson enquired what the technical difficulties were which, according to Marshal Sokolovsky's letter, were holding up train traffic. He asked for an assurance that traffic could be resumed at an early date, and enquired when that date would be. He further drew attention to the fact that no alternative routes had been made available. Marshal Sokolovsky replied that the question raised by General Robertson was important to the Western Allies and that they wished to treat it alone, whereas there were other questions important to him. He denied that he had ever said that traffic on the railway was held up for other than technical reasons. These reasons still applied. He declared at length that the Western Allies as a result of their London Conference had created economic disorders in the Soviet Zone which made it impossible to provide alternative routes. He reiterated that the present stoppage was for technical reasons, although he would not guarantee that when these technical difficulties had been cleared, others might not occur elsewhere.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C 224499

On 10th July the Soviet authorities announced that the lock at Rathenow needed repair and that barge traffic had been interrupted (in fact it had been held up for some days already). The blockade of Berlin by land and water was thus made absolute.

In response to this blockade, the Western Allies made arrangements to supply their troops and the population of the Western sectors of Berlin by the only means available to them—by air. For the last three months the Western sectors of Berlin, with a population of well over two million, have been supplied exclusively by air with food, fuel, raw materials and other necessities of life.

During this period British and American aircraft have delivered over 270,000 tons of essential freight to the people of Berlin. The American contribution has accounted for some 65 per cent. and the British for some 35 per cent., of the total tonnage moved. British aircraft have flown more than 22,000 sorties and over seven million miles. Stocks of most of the essential commodities in the Western sectors, including coal, are to-day greater than they were in June when the blockade was introduced.

The persistent and successful efforts of the Western Powers to keep the air link open has had a heartening effect on the Berlin population and has strengthened their resolve to resist exclusive Soviet domination.

PART III.—DISCUSSIONS IN MOSCOW AND BERLIN

By 3rd July it had become clear that negotiations in Berlin would not succeed in raising the blockade. After discussions between His Majesty's Government, the United States Government and the French Government, Notes were therefore presented to the Soviet Ambassadors in London, Washington and Paris on 6th July. These Notes called the attention of the Soviet Government to the extremely serious international situation which had been brought about by the action of the Soviet Government in imposing restrictive measures on transport which amounted to a blockade of the Western sectors of Berlin. The British Note made it clear that His Majesty's Government regarded these measures as a clear violation of existing agreements concerning the administration of Berlin by the four Occupying Powers. It stated that it was intolerable that any one of the occupying authorities should attempt to impose a blockade upon the people of Berlin, and insisted that arrangements for the movement of freight and passenger traffic between the Western Zones and Berlin be fully restored at once. The Note went on to say that His Majesty's Government were ready, as a first step to reaching a settlement of any disagreements which might exist between the Soviet Government and His Majesty's Government in respect of any aspect of the Berlin situation, to participate in negotiations in Berlin among the four Allied Occupying Authorities for the settlement of any question in dispute arising out of the administration of the City of Berlin. It was, however, a pre-requisite that the lines of communication and the movement of persons and goods between the Western sectors of Berlin and the Western Zones should have been fully restored. The full text of this Note is set out in Annex II.

On 14th July the Soviet Ambassador delivered a reply to this Note. The Soviet Government in this reply alleged that the situation in Berlin had arisen as a result of the infringement by the Governments of Great Britain, the United States of America and France of agreed decisions undertaken by

C 224500

the Four Powers with regard to Germany and Berlin. The pretext of "technical reasons" for the interference with the railway communications, having served its purpose, was put on one side. The Soviet Note claimed that the difficulties in supplying the population of Berlin in the Western sectors were created by the acts of the three Governments and above all by their introduction of new currency into the Western Zones and separate currency in the Western sectors of Berlin. The Note went on to assert that Berlin was in the centre of the Soviet Zone and was part of that zone, and stated that the Soviet High Command had been compelled to take urgent measures to protect the interests of the German population and also the economy of the Soviet Zone and the area of Greater Berlin. With regard to the expressed readiness of the Western Governments to discuss the Berlin situation, the Soviet Government declared that, without objecting to conversations, they must state that they could not connect the beginning of these conversations with the fulfilment of any preliminary conditions, and that quadripartite conversations could only have effect in the event that they were not limited to the question of the government of Berlin, because it was impossible to separate this question from the general question of quadripartite control in Germany. The full text of this Note is set out in Annex III.

After further discussion with the United States and French Governments, it was decided that an approach should be made to the Soviet Government in Moscow.

The three Governments desired to leave no stone unturned in their efforts to reach a settlement with the Soviet Government, and the task of their representatives in Moscow was to clarify the situation and to ascertain whether it was possible for negotiations to begin with a view to reaching a progressive solution on outstanding differences in regard in the first place to Berlin and then to Germany as a whole. Owing to the fact that M. Molotov was away on leave and that M. Vyshinsky was also absent at Belgrade, separate interviews were arranged on 30th July between M. Zorin, Deputy Foreign Minister, and the representatives of the three Governments, the United States Ambassador, General W. Bedell-Smith, the French Ambassador, M. Yves Chataigneau, and Mr. F. K. Roberts who, in the unavoidable absence through illness of His Majesty's Ambassador, had been sent to Moscow as personal representative of the Foreign Secretary.

At his interview with M. Zorin, Mr. Roberts delivered an aide-mémoire, the full text of which is set out in Annex IV. Mr. Roberts also explained the attitude of His Majesty's Government on the lines of the Foreign Secretary's speech in the House of Commons on 29th July and stated that it was hoped that a progressive approach by personal contact, instead of by a further exchange of notes, to the problems which had arisen, beginning with the most urgent questions, would lead to useful results. M. Zorin asked a few questions and concluded the interview by stating that he would report to the Soviet Government.

The First Meeting with Generalissimo Stalin

After a preliminary meeting on 31st July with M. Molotov, who had returned from his leave, the three Western representatives met Generalissimo Stalin on 2nd August.

At this and at subsequent meetings with Generalissimo Stalin and M. Molotov the United States Ambassador, for reasons of convenience and as the senior of the three diplomatic representatives in Moscow, acted, with

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

the agreement of his two colleagues and after full co-ordination between them of the instructions received from their three Governments, as the principal spokesman. The British and French representatives also took a considerable part in the discussions, but generally speaking the views expressed by any of the three Western envoys represented the joint views of their three Governments.

On 2nd August the United States Ambassador opened by making an oral statement to Generalissimo Stalin, the full text of which agreed between the three Governments is set out in Annex V.

The remainder of the two-hour meeting was taken up with a discussion which developed from the points brought out in this oral statement.

Generalissimo Stalin, though emphatically maintaining that it was not the purpose of the Soviet Government to oust allied forces from Berlin, reiterated the contention of the Soviet note of 14th July that the Western Powers no longer had a juridical right to occupy Berlin. This of course had been categorically rejected in the oral statement presented by the United States Ambassador which declared that the three Western Governments "re-emphasise their right to be in Berlin to be unquestionable and absolute. They do not intend to be coerced by any means whatsoever into abandoning this right."

Discussion of the possibility of resumption of negotiations on Berlin and of a Four-Power meeting to consider problems relating to Germany as a whole revealed agreement as to the desirability of such developments. But to a suggestion by Generalissimo Stalin as to items to be included in the agenda of a Four-Power meeting, the Western representatives replied that they were not in a position to consider an agenda, and that in any event negotiations on broad German problems would not be possible until duress in Berlin had been removed.

Generalissimo Stalin developed the argument that the communication restrictions in Berlin had been made necessary because of the decisions taken in London in regard to the establishment of a new German government at Frankfurt and because of the introduction of a special western currency in Berlin. The Western representatives explained that, contrary to the Generalissimo's apparent understanding, it had never been contemplated that the government at Frankfurt would be a central German government. The agency now to be set up under the London decisions would in no way hamper eventual understanding on a central government for a united Germany. The Western representatives added that they were not authorised to discuss the London decisions and that there could be no question of suspending their application or interrupting the programme laid down which provided in the first place for a meeting of the Parliamentary Council at Bonn on 1st September. Some time would however necessarily elapse before any West German government were actually set up. They undertook, nevertheless, to report Generalissimo Stalin's views; but in the meanwhile they felt strongly that agreement should be reached on the immediate issues in regard to Berlin, without which questions concerning Germany as a whole could not be discussed.

It should be noted here that Generalissimo Stalin explained at this meeting that the only real issue he had in mind in this context was the formation in the Western Zones of a German Government. He did not object to the unification of the three Zones and even considered this to be progress.

At the opening of the meeting, the United States Ambassador had specified in his prepared statement, after emphasising that the three Western Powers were in Berlin as a matter of right and as co-equals, that if the blockade measures were " in any way related to the currency problem, such measures are obviously uncalled for, since this problem could have been, and can now be, adjusted by representatives of the Four Powers in Berlin." There seemed no reason, consequently, why agreement could not immediately be reached with respect to the Berlin situation. However, the Ambassador stated that he was not himself an expert on currency matters and that the Western representatives were not competent to deal with technical arrangements of the currency question; with this view his British and French colleagues associated themselves.

At the end of the discussion Generalissimo Stalin asked whether the Western representatives wanted to settle the matter that night. If so, he could meet them and make the following proposal:—

(1) There should be a simultaneous introduction in Berlin of the Soviet Zone Deutsche Mark in place of the Western Mark B, together with the removal of all transport restrictions.

(2) He would no longer ask as a condition the deferment of the implementation of the London decisions although he wished this to be recorded as the insistent wish of the Soviet Government.

The United States Ambassador then asked Generalissimo Stalin whether he still wanted an announcement of a resumption of negotiations on Berlin and the holding of a Four-Power meeting to consider other problems affecting Germany. Generalissimo Stalin said this should also be included in the proposed basis of agreement. Following this the three Western representatives agreed to present Generalissimo Stalin's proposal to their Governments.

At this opening meeting with Generalissimo Stalin, as later at the second meeting with him on 23rd August, the desire of the three Western Governments to reach a settlement of outstanding problems in regard to Berlin and to Germany as a whole by agreement with the Soviet Government, as also their conviction of the grave consequences of failure to reach such an agreement, was very clearly stated. Generalissimo Stalin was, however, left in no doubt of the firm intention of the Western Occupying Powers to maintain their rights in Berlin and of their readiness to continue and increase the air lift, as circumstances might require.

It was the belief of the Governments of the United Kingdom, the United States and France that the progress made in the discussion with Generalissimo Stalin and M. Molotov was such that the settlement of the immediate Berlin crisis could be effected. The Soviet authorities were prepared to remove all transport restrictions between Berlin and the Western Zones. Resumption of negotiations on Berlin and a Four-Power meeting to consider other outstanding problems affecting Germany was accepted without conditions, although Generalissimo Stalin wished it recorded as the insistent desire of the Soviet Government that the execution of the London decisions with respect to the establishment of a West German government be suspended until such time as the Four Powers met and tried to reach an agreement concerning Germany.

There remained the problem of working out the details of agreement with M. Molotov, and the arrangements of technical matters regarding the substitution of the German Mark of the Soviet Zone for the Western " B " Mark in Berlin.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

The position of His Majesty's Government in regard to quadripartite control of any new currency arrangements in Berlin had already been clearly stated to M. Zorin and M. Molotov by Mr. Roberts on 30th and 31st July respectively and the refusal of the three Western Occupying Powers to consider any weakening of their juridical rights in Berlin, which included of course their right to participate in quadripartite control of the financial and economic life of Berlin, had been clearly set out in the oral statement to Generalissimo Stalin on 2nd August. But in order that there should be no misunderstanding of the position of His Majesty's Government in regard to completing the currency proposal developed at the meeting, the following specific instruction was sent to Mr. Roberts:—

> "It is quite essential to our position that the arrangements for withdrawing our currency and for introducing the Soviet currency should result from quadripartite decision and this implies that any future alterations of the position must also be dealt with in the same way."

Throughout the conversations the Soviet Government were never left in any doubt upon this point, which was the subject of repeated and prolonged discussions.

The Drafting Meetings with M. Molotov

The British, French and United States representatives, acting under the instructions of their respective Governments, then endeavoured to arrive at a draft implementation of the conversation with Generalissimo Stalin, to be brought into final form in a further conversation with M. Molotov. To this end they arranged a meeting with the latter which in fact became a drawn-out series of meetings with him on 6th, 9th 12th and 16th August, some of them over three hours long, ending in failure to arrive at any satisfactory agreement.

This failure to reach agreement in drafting a concrete implementation of the principles for terminating the Berlin crisis, as discussed with Generalissimo Stalin, resulted from the fact that the fundamental objectives with which M. Molotov approached the drafting were diametrically opposed to those of the representatives of the three Governments. This fundamental conflict is reflected in the differences between the initial draft suggested by the latter, and the counter-draft proposed by M. Molotov.

The initial draft proposed by the Western representatives and rejected by M. Molotov was in the form of a draft communiqué to be issued in the name of the four Governments. Its text is as follows:—

> "As the result of discussions held in Moscow between Generalissimo Stalin and M. Molotov, and French, United Kingdom and United States representatives, the Governments of France, the United Kingdom, the United States of America and the Union of Soviet Socialist Republics have agreed as follows:—
>
> "All restrictions which have been imposed on the transport of persons and goods in either direction between the three Western zones of Germany and Berlin shall be immediately removed, and freedom of communications shall be maintained.
>
> "Meetings shall be held among representatives of the four Governments to consider any questions which may be outstanding as regards Berlin and any other outstanding problems affecting Germany as a whole. The Soviet Zone Mark will be accepted as the sole currency for Berlin and the Western Mark will be withdrawn

> as soon as quadripartite arrangements have been agreed upon by the four Military Governors for the issue and control of currency in Berlin. These arrangements shall ensure: no discrimination or action against holders of either Eastern or Western Zone currency; equal treatment as to currency and provision of fully accessible banking and credit facilities for all Sectors of Berlin; adequate funds for budgetary purposes and Occupation Costs; and a satisfactory basis for trade between Berlin and the Western Zones. Implementation of these arrangements shall be carried out by the Berlin Kommandatura."

At this meeting on 6th August, Mr. Roberts made an oral statement formally reserving the full juridical rights of His Majesty's Government in regard to Berlin, with which his United States and French colleagues associated themselves.

Mr. Roberts said:—

> "The Soviet Government has stated that, as the result of recent changes introduced into the Western Zones, His Majesty's Government have lost their juridical right to occupy Berlin. The Soviet Government has also stated that all the restrictive measures adopted by the Soviet authorities in Germany have been taken in order to prevent the invasion of the Soviet Zone by the currency which has been introduced into the Western Zones and into Berlin by the Western Powers and as a result of the decisions of the London Conference.
>
> "His Majesty's Government cannot admit the validity of the Soviet contention as regards His Majesty's Government's unqualified right to occupy the Western Sectors of Berlin. Nor can His Majesty's Government admit that the introduction of the Western Mark into the Western Zones of Germany and into the Western Sectors of Berlin or the decisions of the London Conference in any way justify the blockade measures which the Soviet authorities had taken against those Sectors.
>
> "Having stated their position on the above matters, His Majesty's Government are glad to note that the Soviet Government are willing to agree to a joint statement being issued for the purpose of resolving the outstanding difficulties."

In response to further pressure from M. Molotov for the suspension of the decisions of the London Conference regarding Western Germany, the United States Ambassador also made an oral statement in which he said:—

> "My own Government has taken note of the insistent desire of the Soviet Government that the execution of the London decisions with respect to the establishment of a West German Government be suspended until such time as the Four Powers can meet and try to reach an agreement concerning Germany. I am authorised to say that no definite date is now envisaged for the establishment of a governmental organisation for the Western Zones of Germany. 1st September does not represent the date of any formal establishment of such an organisation but is rather the date on which representatives from the German states will begin to study the problems involved in setting up a common organisation. This study is likely to be of protracted duration and it is certainly not intended that any conclusions which the German representatives may reach shall in any way preclude or contravene any agreement arrived at by the Four Powers in connexion with a central government for Germany."

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C 224505

M. Molotov rejected the draft of the three Governments presented on 6th August, and, at the second meeting, on 9th August, made his own counter-proposals as follows:—

"1. All restrictions which have been imposed after the announcement of currency reform in the Western Zones on the transport of persons and goods in either direction between the three Western Zones of Germany and Berlin shall be removed on 15th August, and freedom of communications shall be maintained in accordance with the present agreement.

"2. All restrictions which have been imposed after the announcement of currency reform in the Western Zones on the traffic of goods to and from the Soviet Zone and the three Western Zones of Germany shall be removed on 15th August, and freedom of communications shall be maintained.

"3. Meetings among representatives of the four Governments in the form of the Council of Foreign Ministers or a separate conference of representatives of the Four Powers shall be held in the near future to discuss:—

(A) Any questions which may be outstanding as regards Berlin, and

(B) Any other outstanding problems affecting Germany as a whole.

In the negotiations which took place between representatives of the Four Powers consideration was given to the wish of the Soviet Government to defer the implementation of the decisions of the London Conference on the creation of a West German Government until the results of the above-mentioned meeting of representatives of the four Governments have been ascertained. In this connexion the representatives of the three Western Powers stated that the Governments of these Powers do not propose for the time being to deal with the question of the formation of a Government for Western Germany.

"4. The German Mark of the Soviet Zone shall be accepted as from 15th August as a sole currency for Berlin and the Western Mark "B" shall be simultaneously withdrawn from circulation in Berlin.

"The regulation of currency circulation in Berlin shall be undertaken by the German Bank of Emission of the Soviet Zone of Occupation through the credit establishments operating at present in Berlin and shall be equally extended to the whole of Berlin without discrimination against any part of Berlin; organisations, enterprises, firms and private persons in Berlin shall be allowed to maintain unhampered trade and economic connexions with third countries and the Western Zones of Germany through the German Export-Import Agency of the Soviet Zone.

"Occupation Costs resulting from the presence of forces in Berlin shall be met from the budgets of the respective Zones of Occupation of Germany, Berlin being exempted from defraying Occupation Costs."

The fundamental differences between these two drafts are evident. The draft of the three Governments proceeds from the position that their Occupation Forces in Berlin are there as a matter of established right, and seeks to liquidate the present crisis on an orderly basis which would permit the use of the Soviet Zone currency throughout Berlin provided that the terms of such use could be agreed upon among the Four Powers and that this agreed use would be under quadripartite control. The counter-draft of M. Molotov proceeds from the position that the Western Allies have lost their

C 22[illegible]06

right to be in Berlin but would be permitted to remain there by "the present agreement" which in turn would enable the Soviet authorities to exercise full economic control over Berlin and to block further development of plans for the formation of a Western German Government, while remaining able at any time to resume obstruction of our access to Berlin if they considered that the authorities of the Western Occupying Powers were not complying with "the present agreement."

M. Molotov's draft provided for lifting of communication restrictions imposed "after the announcement of currency reform in the Western Zones" (i.e., 18th June). This would have meant the continuation of a large number of hampering measures which had been put into effect between 30th March and 18th June, and would have constituted tacit acceptance of the Soviet contention that its inauguration of a blockade had been "defensive" in character, a contention which the three Governments categorically rejected. M. Molotov's version also reintroduced the question of the implementation of the London decisions regarding Western Germany, despite the fact that it had been stated by Generalissimo Stalin on 2nd August that this issue would not constitute a condition to agreement on a settlement of the Berlin crisis. Furthermore, M. Molotov's draft would have delegated control over Berlin's currency and credit to a bank subject to the exclusive control of the Soviet authorities, and similarly would have entrusted the conduct of Berlin's external trade entirely to an agency dominated by them.

The representatives of the three Governments immediately stated their objections to this draft. They said they would of course transmit it to their respective Governments, but that they were sure that it would be found unacceptable, for reasons which they pointed out forthwith. Considerable time was also devoted to an examination of its details in order that the three representatives might also give their Governments the benefit of an analysis of M. Molotov's thinking concerning it, in order to facilitate the search for some acceptable basis for agreement.

As anticipated by Mr. Roberts, His Majesty's Government found M. Molotov's formula unacceptable. The United States and French Governments were also unable to accept the Soviet position reflected in M. Molotov's counter-draft. Instructions in this sense were sent by all three Governments to their representatives in Moscow and a meeting was held with M. Molotov on 12th August. At this meeting, the following statement, agreed between them before the meeting, was made by the U.S. Ambassador on behalf of the three representatives:—

"We have now received and compared instructions from our respective Governments and find, as anticipated at the conclusion of the 9th August conference, that the Soviet proposals in their present form are unacceptable. M. Molotov will recall that at the last conference we each directed particular attention to paragraphs 3 and 5 of the Soviet draft and stated that they raised issues which our Governments regarded as of fundamental importance. I will refer to these issues again during our detailed discussion of the Soviet draft and re-emphasise the position of our Governments with respect thereto.

"1. The Soviet Government has inserted into the original Western draft the words 'after announcement of currency reform in the Western Zones'. The other three Governments cannot agree to insertion of these words. Their inclusion would mean that certain restrictions on communications between Berlin and the Western Zones which began

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C.224507

long before currency reform took place in Western Germany would not be wholly removed. However, as said before, the Governments of France, the United Kingdom and the United States are willing to settle as between the Allied Commanders in Berlin the necessary regulations to prevent illicit black market operations in currency, etc., between the Western and Eastern Zones of Germany or between the Western Zone of Germany and the Western Sectors of Berlin, which we understood from M. Molotov to be a major concern of the Soviet Government.

" The Soviet draft also inserts at the end of paragraph 1 the words ' in accordance with the present agreements ', which are not included in paragraph 2. Our Governments are unable to accept these words which imply a new agreement is now being made derogatory to, or possibly even invalidating, the established rights of the French, British and American Governments in regard to Berlin. These rights were clearly set forth in the oral statement made to Generalissimo Stalin and M. Molotov on 2nd August and have been reiterated emphatically at our subsequent conferences. Our Governments are not prepared to make any new agreement now which might be held in any way to weaken these rights.

" 2. It is clearly the intention of all four Governments that paragraphs 1 and 2 should be uniform in so far as possible. Accordingly our Governments consider that the words ' after the announcement of currency reform in the Western Zones ' should also be deleted from paragraph 2 although we are unaware of any restrictions placed on interzonal trade before currency reform was introduced in the Western Zones.

" 3. Our Governments are not in any circumstances prepared to agree to the additional sub-paragraph inserted by the Soviet Government. As they understand the position, it is that Generalissimo Stalin made an oral statement regarding the insistent desire of the Soviet Government for deferment of the physical establishment of a West German Government. In reply I made an oral statement (quoted above) on behalf of the United States Government with which the representatives of the French and British Governments associated themselves, and this statement went as far as possible to meet the Generalissimo's oral statement. The Generalissimo expressly declared that this statement was not a condition for issuance of the joint statement now under discussion in Moscow. The statements made on the one hand by the Generalissimo and on the other hand by the British, French and American representatives were made privately but have been recorded. Our Governments cannot agree to any statement on this matter being inserted in a published communiqué representing preliminary agreement by our four Governments nor are they prepared to accept any suggestion that negotiations have taken place on this subject. As we stated very clearly in the original conference with Stalin and yourself at the outset of our conversations, our Governments are only prepared to undertake negotiations in an atmosphere free of all pressure and cannot accept any position which carries implication of negotiating under duress.

" 4. While the principle implied in the first sub-paragraph is acceptable, the paragraph as written in the Soviet draft is unacceptable for reasons given to M. Molotov on 9th August. Our Governments consider that the re-draft proposed by the Soviet Government involves a fundamental question of principle. They can only interpret the wording of this paragraph in the Soviet draft as implying a Soviet intention to incorporate Berlin fully into the Soviet Zone. The position of our respective Governments on this question and its essential connexion with

C22...08

Four-Power discussions on Germany as whole have been stated on several different occasions during our earlier conversations and need not be repeated now. Consequently, while prepared to accept substitution of the Soviet Zone Mark for the Western Mark as the sole currency for Berlin, such acceptance is possible only if some Four-Power regulation of the flow and use of the Soviet currency in Berlin proper is provided which safeguards the rights and interests of our three Governments in Berlin and the legitimate interests of the Berlin population, while taking fully into account, as explained in our previous meeting, the legitimate interests of the Soviet Occupation Authorities, and their responsibilities for safeguarding the economic situation in the Soviet Zone, which we fully recognise. In the opinion of our Governments the Soviet draft of paragraph 4 completely fails to take into account these basic considerations, which are concerned not only with fundamental issues of principle but also with essential and practical issues of daily economic life in Berlin. I repeat that while ready to consider and assist in a practical solution of the currency problem in Berlin on a basis of sole use of Soviet currency, our Governments can only do so if the Soviet Government is prepared to recognise our basic rights in Berlin. This is really the crux of the matter, but I will mention further details.

" Aside from these fundamental questions of principle, clarification is required of the phrase in sub-paragraph 2 concerning ' discrimination against any part of Berlin '. We think our intentions are the same. In the draft we submitted on 6th August this phrase read ' no action or discrimination against the holders of Eastern or Western Zone currency '. If, as we assume, the Soviet draft covers discrimination not only against any part of Berlin but against all persons, firms, etc., resident in any part of Berlin, this corresponds to our own intention and in that case our Governments suggest that the phrase in the 6th August draft would be clearer.

" Then we come to trading agencies. This brings us back to our fundamental point. We cannot recognise Berlin as part of the Soviet Zone, and it follows from this that we cannot accept conduct of Berlin's external trade through the medium of Soviet Zone trade monopolies. Our Governments have a substantial interest in the city and in seeking agreement on regulation of trade matters, we are asking for no more than assurances concerning proper and effective use of our very extensive contributions to the economy of Berlin. The economic well-being of Berlin depends on maximum freedom of its trade with other parts of Germany. This confirms again, from our viewpoint, the necessity of technical discussions in Berlin and the impossibility of such discussions among us here. In the interest of simplification and to obviate a currency war our Governments are willing to accept the Soviet Mark as sole circulating medium but I must say again that Four-Power supervision of its use in Berlin is essential to establish satisfactory economic relationship between Berlin and the rest of Germany. It is possible that M. Molotov misunderstood the wording in our draft: ' For the issue and control of currency in Berlin '. We do not insist on control over the total issuance of Soviet Zone currency. What we are seeking is agreement for quadripartite regulation of the flow and use of Soviet Zone currency within Berlin and in its trade. Our Governments are convinced it is necessary to provide for non-discrimination as to availability of currency throughout Berlin through equitable budgetary and credit procedures and the orderly conduct of trade between Berlin on

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

one hand and the Western and Eastern Zones and third countries on the other. This can only be done by some quadripartite authority in Berlin.

"While our Governments consider the question of Occupation Costs a pertinent one, they do not believe the Soviet proposal in sub-paragraph 4 of paragraph 4 is best adapted for this purpose. The Soviet draft implies that the British, French and American Governments have no right to claim Occupation Costs in or from Berlin. Our Governments cannot accept this position and they maintain their rights to call on the Berlin Magistrat to meet such charges, and are not prepared to obtain what is their fully established right from sources under the control of another Power. Our Governments have for a long time past been contributing largely to the supply of Berlin with food and coal with no appreciable reimbursement and they see no reason why Berlin, which is part of Germany, should not bear its due share of the Occupation Costs, particularly since the heavy costs of the Soviet Occupation Forces in Germany are, according to the Soviet proposal, to be borne by the Soviet Zone surrounding Berlin. This question might be dealt with as proposed in our draft of 6th August or postponed for discussion at the time when the four Powers meet to discuss the question of Berlin and Germany in all its aspects. I must, however, emphasise that the view of our Governments on this question is one of principle affecting their juridical rights in Berlin."

M. Molotov's reaction to this statement was summarised by Mr. Roberts in a report to London as follows:—

"M. Molotov's reply was very cursory in regard to the first two paragraphs. He suggested words 'in conformity with what is set forth below' as substitution for the last phrase of paragraph 1, and remarked that a satisfactory alternative wording could probably be found which would more specifically define restrictions which were to be removed, in lieu of the wording to which we objected in paragraphs 1 and 2. He then reverted to paragraph 4. Today, however, he did not as on previous occasions reject our position in Berlin nor did he insist that quadripartite control had lapsed nor maintain any demand for the Soviet wording of this paragraph. His conversation seemed to me to be generally exploratory, in order to determine whether or not we had reached our definite and final position. We continued to press strongly the point that our entire discussions really hinged on one basic factor—our right to be in Berlin and to continue quadripartite regulation and control of the flow and use of the new currency when introduced. M. Molotov never directly challenged any of our statements in this connexion. He also readily admitted that certain practical questions would have to be settled in Berlin. The point to which he reverted most frequently and on which he seemed to concentrate today was the specific mention of a date on which the currency change would be made and the restrictions lifted. Discussion of this subject became involved and protracted and finally, to bring matters to a head, we suggested the possibility that a tentative date be accepted toward which planning would begin immediately in Berlin by the four Military Commanders, pointing out that until the machinery for the control and use of the Soviet Mark was established any date was meaningless. This subject also M. Molotov did not directly challenge or reject, although he criticised it as vague.

"M. Molotov then discussed occupation costs briefly, taking the attitude that he could not see any reason in our objection to the Soviet formula or to exempting Berlin from cost of occupation since all four Powers were treated alike. An interesting feature of this phase of the discussion was that again he failed to challenge our juridical right, stating that Soviet proposals in this matter did not affect juridical rights of either side to be in Berlin, and that the problem was purely a practical one. We took note of this. Our final statement was that the solution of the question of occupation costs was dependent on solution of basic question which remained to be dealt with in first part of that paragraph. This brought us back to the question of currency, and after lengthy discussion, M. Molotov suggested as an alternate solution that the Soviet Government might be willing to agree to the issue of the same quantity of Soviet Zone Marks for the Western Sectors of Berlin as have been issued or introduced in Berlin by Western Powers, arguing that this would dispose of the technical question. We rejected this on the ground that it did not cover our basic requirement which was quadripartite control of currency in Berlin, and did not provide enough currency for our present and future operations.

"After this M. Molotov again came back to the question of a fixed date for the introduction of Soviet currency in Berlin and the lifting of traffic restrictions, and proposed that we draw up a list of questions relating to the flow of currency to be discussed by the representatives of the Soviet Union and Western Powers in Berlin. We replied that we would be perfectly willing to accept a tentative date and in fact proposed such discussion, but that the Commanders in Berlin must be provided with terms of reference which covered the basic points on which we insisted, and the technical points which we felt must be settled with regard to new currency. There was still outstanding the major question of Four-Power control in Berlin and until this was decided, nothing could be done. We said it would be worse to fix a date and fail to meet it than to leave things as they are now.

"We then asked M. Molotov if he could meet us on the question of Four-Power regulation of currency. He evaded direct reply to this by reverting to the second part of paragraph 3 (London Agreements) although not aggressively. We repeated our Government's past objection to the Soviet wording. We reiterated that our instructions were specific and our Governments could not agree to any statements of this nature being inserted in a communiqué representing preliminary agreement. However, the United States Ambassador said that he was willing to ask his Government if the oral exchange between Generalissimo Stalin and ourselves might be confirmed confidentially by written notes, providing agreement was reached on all other points.

"I then suggested that insertion of this material would unbalance the document, pointing out that Articles I and II were to our mutual advantage, and insofar as the Soviet Government might think Part I benefited us more than Part II benefited them, this was more than balanced by paragraph 4. Paragraph 3 would, we hoped, be to our mutual advantage. M. Molotov agreed, and at this point for a few minutes I thought that he was going to accept and conclude the conference. However, he paused and rediscussed some of the parts of paragraph 4, during which occasion was taken to point out that he would have to meet us on the basic point of principle under 4 if we were even to consider his proposal under 3, emphasising again that unless our

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

basic requirement for Four-Power control and regulation of currency in Berlin were accepted, the rest of the document would automatically fall.

"M. Molotov terminated the conversation shortly afterward by saying that he would report our statements to his Government, who would consider them carefully. We said we would report his comments and proposals and would inform him when we were ready for further discussions."

Though failing to produce definitive progress toward final agreement, the atmosphere of the 12th August meeting was sufficiently encouraging to induce the three Governments to examine exhaustively among themselves the issues in controversy, and to reduce their demands to absolute essentials in the hope that Soviet objections would be overcome. These efforts resulted in the following draft text which was presented to M. Molotov at the fourth and last drafting meeting, that of 16th August.

"One. On 25th August all restrictions which have been imposed since 1st March on transport of persons and goods in either direction between the three Western Zones of Germany and Berlin shall be removed and freedom of communications shall be maintained.

"Two. On 25th August all restrictions which have been imposed since 1st March on traffic of goods to and from Soviet Zone of Germany shall be removed and freedom of communications shall be maintained.

"Three. The four Military Governors are charged with the duty of making all arrangements necessary to ensure that the provisions of paragraphs one and two above are brought into effect on 25th August.

"Four. In addition to meetings of Military Governors, meetings among representatives of the four Governments in form of the Council of Foreign Ministers or other conferences of representatives of four Powers shall be held in near future to discuss: (A) Any questions which may be outstanding as regards Berlin and (B) any other outstanding problems affecting Germany as a whole.

"Five. As from 25th August the German Mark of the Soviet Zone shall be accepted as the sole currency for Berlin and the Western Mark "B" shall be simultaneously withdrawn from circulation in Berlin provided however that before that date the four Military Governors shall have worked out arrangements for continued issue and use in Berlin under quadripartite authority, of the German Mark of the Soviet Zone.

"These arrangements shall ensure no discrimination or action against holders of German Marks of either the Soviet Zone or the Western Zones; equal treatment as to currency and provision of full and accessible banking and credit facilities throughout all Sectors of Berlin; unhampered trade and economic connexions with third countries and with all Zones of Germany subject only to such provisions as may be agreed from time to time among the four Military Governors; and provision of sufficient currency for budgetary purposes and occupation costs. These arrangements shall be implemented by the four Military Governors."

This latest redraft was received by M. Molotov in much the same way as the first draft. The representatives of the three Governments discussed it with him for nearly four hours. His reaction to it appeared to be mainly exploratory, to try to sound out the three representatives.

After a lengthy discussion of specific points in it, much along the lines of the earlier discussions, Mr. Roberts and his colleagues were unable to convince M. Molotov that their draft met his requirements. Breaking off the discussion of particular points, M. Molotov suddenly suggested that he could provide a simple formula to deal with paragraphs 1, 2 and 5, and that the other paragraphs could be left for later discussion. He then wrote down and read out the following proposed directive to the Military Governors in Berlin:

"The Governments of France, Great Britain, United States and the Union of Socialist Soviet Republics have agreed that the following steps should be taken simultaneously:

"(A) Restrictions recently imposed on both sides on communications between Berlin and the Western Zones shall be lifted;

"(B) The German Mark of the Soviet Zone shall be introduced as the sole currency for Berlin, and the Western Mark 'B' shall be withdrawn from circulation in Berlin.

"In connexion with the above you are instructed to examine, together with your colleagues, within the shortest time possible, and if possible before 25th August, the detailed arrangements necessary for the implementation of this agreement and to inform your Government of the exact date on which provisions under 'A' and 'B' above can be brought into effect."

As the discussion had already gone on for more than two hours, and M. Molotov showed no disposition to give serious consideration to accepting the draft proposed by the three representatives, they stated that they would be willing to submit his new proposal to their Governments but that it would serve no useful purpose to do so unless the directive he suggested were completed by adding an additional paragraph covering all the points in the second part of their draft paragraph 5 which their Governments considered the absolute minimum that could be accepted in the way of a directive to the four Military Governors. M. Molotov argued against this, taking the line, contrary to his previous position, that the Military Governors in Berlin might very well be able to work out practical solutions of the technical problems without specific instructions. The United States Ambassador pointed out that this would simply transfer the unsolved problems from Moscow to Berlin, with even less hope of a solution in the absence of agreement in Moscow on the two or three basic issues which still remain unsettled. M. Molotov then agreed to go through the draft proposed by the three representatives together with the Soviet draft to see whether it would be possible to bring them into conformity and set down principles under which the four Military Governors could work.

Further discussion of details again and again brought the three representatives face to face with a point of principle on which they had to repeat their position, reminding M. Molotov that while their Governments were willing to accept the German Mark of the Soviet Zone as the sole currency in Berlin, they would not be willing to accept terms for the use of that currency which would place the financial and economic life of the city under exclusive Soviet control. The United States' Ambassador repeated that it was quite useless to send any directive to the Military Governors unless there was agreement in Moscow on the basic issues. It would be equally useless to propose a vague and undefined directive to the Military Governors which would still be obliged to obtain answers to the basic questions they had already raised. He repeated that there was no point in simply transferring to Berlin problems which it had not been possible to solve in Moscow through direct contact with M. Molotov.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224513

The meeting was finally adjourned with Mr. Roberts and his colleagues recording their disappointment at the lack of progress. The United States Ambassador suggested that they study and report the results of the meeting to their Governments in case they should have any final instructions or additional guidance. He said he would then ask for a final conference.

The Second Meeting with Stalin on 23rd August

After considering the series of drafting meetings with M. Molotov, the three Governments then decided to request another meeting with Generalissimo Stalin. This was held on 23rd August.

In preparation for it the three Governments had agreed upon a new draft to put before Generalissimo Stalin, embodying the points discussed in the first meeting with him, and taking into account the points raised meanwhile by M. Molotov in so far as these could be harmonised with the rights and duties of the Western Occupying Powers in Berlin. This draft took the form of a directive to the Military Governors in Berlin to work out the concrete means for implementing the principles with respect to the currency of Berlin and to restrictions on communications and transport, together with a communiqué to be issued in Moscow on behalf of the four Governments, confirming the arrangements worked out by the Military Governors.

Generalissimo Stalin began the meeting by producing a Soviet draft for this purpose which he said he had prepared after studying the reports of the drafting meetings with M. Molotov. This draft read as follows:

"On 25th August all restrictions which have been recently imposed on the transport of persons and goods in either direction between the three Western Zones of Germany and Berlin shall be removed and freedom of communications shall be maintained.

2. On 25th August all restrictions which have been recently imposed on the traffic of goods to and from the Soviet Zone of Germany shall be removed and freedom of communications shall be maintained.

3. In addition to meetings of the Commanders-in-Chief, meetings among representatives of the four Governments in the form of the Council of Foreign Ministers or other conferences of representatives of the Four Powers shall be held in the near future to discuss:

(A) any questions which may be outstanding as regards Berlin, and

(B) any other outstanding problems affecting Germany as a whole.

4. As from 25th August the German Mark of the Soviet Zone shall be accepted as the sole currency for Berlin and the Western Mark "B" shall be simultaneously withdrawn from circulation in Berlin. The regulation of currency flow in Berlin to be undertaken by the German Bank of Emission of the Soviet Zone through the medium of the credit establishments operating at present in Berlin. Prior to that date, the four Comamnders will work out arrangements involved in the introduction of the German Mark of the Soviet Zone in Berlin and the regulation of its flow in Berlin by the German Bank of Emission. These arrangements shall ensure:

(A) no discrimination or action against holders of German Marks "B" so that the exchange of Western Marks "B", issued at the time of their introduction, for German Marks of the Soviet Zone at the rate of one for one is ensured;

C224514

(B) equal treatment as to currency and provision of fully accessible banking and credit facilities throughout all Sectors of Berlin so that this will not lead to disorganising currency flow or disturbing the stability of currency in the Soviet Zone of occupation:

(C) a satisfactory basis for trade between Berlin, third countries and the Western Zones in conformity with the existing procedure of interzonal trade and barter accounting and on condition that any modification of this procedure of trade will be made only by agreement between the four Commanders;

(D) provision of sufficient currency for budgetary purposes provided that the balance of the Berlin budget is maintained;

(E) Occupation Costs resulting from the presence of forces in Berlin shall be met from the budgets of the respective Zones of Occupation of Germany, Berlin being exempted from Occupation Costs;

(F) a financial commission of representatives of the four Commanders shall be set up to control the practical implementation of financial arrangements involved in the introduction of a single currency in Berlin.

5. Should the preparation of the arrangements implicated here not be completed prior to 25th August the four Commanders shall agree on another date for the simultaneous implementation of the above-mentioned decisions.

The three representatives then produced their own draft, which stated:—

Draft Western Directive to Military Governors

23rd August

"The Governments of France, the United Kingdom, the United States and the Union of Socialist Soviet Republics have decided that, subject to agreement being reached among the four Military Governors in Berlin for their practical implementation, the following steps should be taken simultaneously:—

(*a*) Restrictions on communications between Berlin and the Western Zones (and on the traffic of goods to and from the Soviet Zone of Germany) shall be lifted;

(*b*) The German Mark of the Soviet Zone shall be introduced as the sole currency for Berlin, and the Western Mark 'B' shall be withdrawn from circulation in Berlin.

"In connexion with the above you are instructed to consult together with your colleagues so as to make, in the shortest time possible, the detailed arrangements necessary for the implementation of these decisions, and to inform your Government not later than —th August of the results of your discussions, including the exact date on which the measures under (*a*) and (*b*) above can be brought into effect.

"The arrangements relating to the currency changeover and to the continued provision and use in Berlin, under quadripartite agreement, of the German Mark of the Soviet Zone shall include such regulations as may be necessary to safeguard the currency of the Soviet Zone issued by the German Bank of Emission of the Soviet Zone and the currency of the Western Zones and to prevent illicit black market operations in currency;

they shall also ensure:

that in connexion with the substitution of the German Mark of the Soviet Zone for the Western Mark "B" in Berlin at the rate of one for one there shall be no discrimination against holders of the Western Mark "B" or the German Mark of the Soviet Zone;

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224515

equal treatment as to currency and provision of fully accessible banking and credit facilities throughout all sectors of Berlin;

unhampered trade and economic connexions for Berlin with third countries and with all the Zones of Germany, subject only to such provisions as may be agreed from time to time among the four Military Governors; and

the provision of sufficient currency for budgetary purposes and occupation costs."

After a general discussion of the two drafts the meeting with Generalissimo Stalin terminated and M. Molotov and the three representatives withdrew to continue in drafting session to try to harmonise the two drafts.

During the discussion with Generalissimo Stalin, he and the three representatives noted that the two drafts were in many respects close to each other. Generalissimo Stalin thought, however, that the directive to the Commanders should contain more concrete wording with regard to safeguarding the Soviet Zone currency. The United States Ambassador pointed out that this point was covered in the draft of the three representatives. Generalissimo Stalin replied that it should be made more explicit. It may be stated here that throughout the whole series of meetings in Moscow the three Western representatives made it clear that their Governments were ready and indeed eager to agree on all measures consistent with their rights in Berlin to protect the currency and economy of the Soviet Zone and to ensure that the new arrangements foreseen in the agreements worked smoothly and to the general interest of all four Occupying Powers and of the population of Berlin. They showed a similar desire to be helpful over the Soviet desire to reduce Occupation Costs and to balance the Berlin city budget.

Generalissimo Stalin also discussed the provision for the exchange of currency, and for the issue of currency thereafter by the German Bank of Emission of the Soviet Zone and for the establishment for these purposes of a financial commission composed of representatives of the four Commanders to control their practical implementation. He considered these points essential. He then added that it would also be desirable to have some indication in the draft of a postponement of the establishment of a Western German Government on the basis of the decisions of the London Conference. On this point the three representatives rested on the position of their three Governments which had already been made clear at earlier meetings, insisting that this was a question for discussion at the proposed meeting of Foreign Ministers.

The United States Ambassador then again reiterated the necessity for ensuring that the currency arrangements for Berlin were on a basis which would provide absolute equality of control and would respect the juridical position of the Western Occupying Powers in Berlin. Generalissimo Stalin replied that if German unity were restored by confirming the decisions of previous Four-Power conferences, Berlin would remain the capital of Germany and then there would be no objection to the forces and authority of the three Western Occupying Powers remaining in Berlin and sharing the control of the German Government in Berlin with those of the Soviet Union. If this did not happen, then Berlin would lose its standing as the capital of Germany. But even in this case Generalissimo Stalin would not wish to oust the Occupation Forces of the three Western Governments from Berlin. The United States Ambassador expressed the hope that such a

C22[illegible]16

situation would not arise and took occasion to explain fully the juridical position of the Western Occupying Powers in Berlin. It was decided that details should be worked out with M. Molotov with a view to drafting a Directive to the Military Governors in Berlin, requesting them to report back their recommendations within about a week after the Directive had been issued to them.

Before Generalissimo Stalin withdrew, the United States Ambassador specifically took occasion to bring out clearly certain questions on which the three Governments wanted to get an unequivocal clarification of the Soviet position. With respect to transport restrictions, it is worth quoting the following passage from the record of the meeting of 23rd August, drawn up by the three Western representatives in Moscow:—

"The United States Ambassador then asked if he could first query one or two points, for example, the Soviet wording with regard to the transport restrictions. M. Molotov remarked, after a certain amount of discussion, that the Soviet Government meant the restrictions imposed since the 18th June. We indicated that this was unsatisfactory. Generalissimo Stalin then suggested that it might be better to say 'the restrictions lately imposed' and confirmed that if there were any imposed before that date they would also be lifted."

It was with this understanding, personally confirmed by Generalissimo Stalin, that a Directive was ultimately sent to the Military Governors in Berlin to work out the technical arrangements necessary to give effect to the above agreement.

The principle of quadripartite control over the currency within the city of Berlin was an important issue in the discussion at Moscow. On this point Generalissimo Stalin, during the discussion, gave the following confirmation of the interpretation to be placed on the language of the Directive dealing with the powers of the Financial Commission:—

"Generalissimo Stalin stated that the German Bank of Emission controlled the flow of currency throughout the whole of the Soviet Zone, and it was impossible to exclude Berlin from the Soviet Zone. However, if the question was asked whether it did so without being controlled itself, the answer was 'no.' Such control would be provided by the Financial Commission and by the four Commanders in Berlin, who would work out the arrangements connected with the exchange of the currency and with the control of the provision of currency, and would supervise what the Bank was doing.

"Generalissimo Stalin said the Soviet draft had kept the word 'control' with reference to the Four-Power Finance Committee and the Soviet Government did not object to it. But from the point of view of financial science and political economy, it was impossible to exclude the German Bank of Emission from Berlin. To avoid abuse in its operations, the word 'control' had been included. The United States Ambassador then suggested that the mention of regulation by the German Bank of Emission should be made after the Financial Commission. Generalissimo Stalin replied that the subjects had been mentioned in the logical order and that the authority conducting the operations had been mentioned first and afterwards the body controlling this authority had been mentioned."

It was on this clear understanding of these points that the three representatives continued the discussion and drafting. It should, however, be

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

noted that on this as on many other occasions the three Western representatives made it clear beyond all doubt that their claim that the Financial Commission must control the German Bank of Emission of the Soviet Zone related only to its functions in respect of the currency issued and circulating in Berlin and not to its functions in regard to the Soviet Zone.

Just before the meeting broke off Generalissimo Stalin expressed persistent interest in including some reference to the decisions of the London Conference. He suggested insertion of the following or some similar wording:

> "The question of the London decisions was also discussed including the formation of a Western German Government. The discussion took place in an atmosphere of mutual understanding."

The three representatives said they would inform their Governments of Generalissimo Stalin's desire but did not expect that their Governments could accede to any such wording unless it were also made explicit that no agreement was reached on this subject since Generalissimo Stalin himself had stated that this was not a condition attaching to the lifting of the restrictions on transport and communications. Mr. Roberts added that his Government did not want there to be any misunderstanding or misinterpretation, as there certainly would be in London, if a vague formula were published.

The ensuing drafting meeting with M. Molotov elaborated a joint draft which was then submitted to the Governments for consideration. This stated;

Revised draft Directive agreed with M. Molotov on 23rd August

"The Governments of France, the United Kingdom, the United States of America and the Union of Soviet Socialist Republics have decided that, subject to agreement being reached among the four Military Governors in Berlin for their practical implementation, the following steps should be taken simultaneously:—

(*a*) Restrictions on communications between Berlin and the Western Zones and on the traffic of goods to and from the Soviet Zone of Germany which have recently been imposed shall be lifted;

(*b*) The German Mark of the Soviet Zone shall be introduced as the sole currency for Berlin, and the Western Mark 'B' shall be withdrawn from circulation in Berlin.

"2. In connexion with the above you are instructed to consult together with your colleagues so as to make, in the shortest time possible, the detailed arrangements necessary for the implementation of these decisions, and to inform your Government not later than 31st August of the results of your discussions, including the exact date on which the measures under (*a*) and (*b*) above can be brought into effect. The four Commanders will work out arrangements involved in the introduction of the German Mark of the Soviet Zone in Berlin and the regulation of its circulation in Berlin by the German Bank of Emission.

"3. The arrangements relating to the currency changeover and to the continued provision and use in Berlin of the German Mark of the Soviet Zone shall ensure:

(*a*) no discrimination or action against holders of Western Marks 'B' in connexion with the exchange of those Western Marks 'B' issued at the time of introduction of that currency into Berlin. These shall be exchanged for German Marks of the Soviet Zone at the rate of one for one;

(*b*) equal treatment as to currency and provision of fully accessible banking and credit facilities throughout all sectors of Berlin on the understanding that this will not lead to disorganising currency circulation or disrupting the stability of currency in the Soviet Zone of occupation;

(*c*) a satisfactory basis for trade between Berlin and third countries and Western Zones, taking into account the existing procedure of inter-zonal trade and clearing accounts. Modification of the existing procedure of inter-zonal trade will be made only by agreement between the four Military Governors.

(*d*) The provision of sufficient currency for budgetary purposes and for occupation costs, reduced to the greatest extent possible, and also the balancing of the Berlin budget.

(*e*) The regulation of currency circulation in Berlin to be undertaken by the German Bank of Emission of the Soviet Zone through the medium of the credit establishments operating at present in Berlin. A financial commission of representatives of the four Military Governors shall be set up to control the practical implementation of the financial arrangements indicated above involved in the introduction and the circulation of a single currency in Berlin."

His Majesty's Government, in expressing their views to Mr. Roberts took occasion among other things to corroborate the view expressed by Mr. Roberts to Generalissimo Stalin that a provision such as Generalissimo Stalin desired with respect to Western Germany would be open to misinterpretation and, therefore, could not be accepted. Any such provision should make clear that while His Majesty's Government desired a united Germany and would make a sincere effort to ascertain whether agreement on a Four-Power basis was possible, they were not prepared to make any commitments whatsoever for postponement of the London decisions in connexion with the present negotiations. Mr. Roberts was instructed to make this clear to the Soviet authorities and to agree at most to a statement that:

> "During the conversations the Soviet Government expressed its wish that the implementation of the decisions of the London Conference should not result in the establishment of a Government for Western Germany before the representatives of the four Powers had been able to meet to discuss the whole German problem. The representatives of the United States, the United Kingdom and France affirmed the desire of their Governments for a Four-Power agreement whereby a Government for the whole of Germany would be established. They explained that the London decisions did not preclude such an agreement and, while they were not able to agree to any postponement to the implementation of the London decisions, they would make a sincere endeavour to acertain whether there is a real prospect of agreement among the four Powers. Further discussion of this point was accordingly deferred."

In framing its further instructions to Mr. Roberts His Majesty's Government proceeded from the following basic requirements, upon which they had insisted from the beginning;

1. Insistence on our co-equal rights to be in Berlin;
2. No abandonment of our position with respect to Western Germany;
3. Unequivocal lifting of the blockade on communications, transport and commerce for goods and persons; and
4. Adequate quadripartite control of the issue and continued use in Berlin of the Soviet Mark.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

After the three Governments had consulted each other and instructed their respective representatives in Moscow, the latter met with M. Molotov and M. Vyshinsky on 27th August and worked out a Directive to be issued to the Military Governors, the text of which is set out in Annex VI, and of a communiqué to be issued after the Military Governors had completed their discussions in the following terms:—

Draft Communiqué

"The Governments of France, the United Kingdom, the United States and the U.S.S.R. have agreed that the following measures under (A) and (B) shall be put into effect simultaneously, and have approved detailed arrangements for their implementation jointly worked out by the four Military Governors.

"(A) The restrictions which have recently been imposed on communications, transport and commerce between Berlin and the Western Zones and between the various Zones of Germany shall be lifted, and freedom of communications, transport and commerce shall be maintained.

"(B) The German Mark of the Soviet Zone shall be accepted, on the basis agreed between the four Military Governors, as the sole currency for Berlin and the Western Mark 'B' shall be simultaneously withdrawn from circulation in Berlin.

"The four Governments have also agreed that in addition to meetings of the four Military Governors, meetings among representatives of the four Governments in the form of the Council of Foreign Ministers or other conferences of representatives of the four Powers shall be held in the near future to discuss:

"(1) Any outstanding questions regarding Berlin, and (2) any other outstanding problems affecting Germany as a whole."

During this discussion, as during previous ones, M. Molotov endeavoured again, without success, to insert some provision into the communiqué that would tie the hands of the three Governments with respect to the London decisions.

After a final review by the several Governments it was arranged with M. Molotov on 30th August that the directive to the Military Governors be despatched to them by midnight calling for a report from them by 7th September.

Although the Directive was finally agreed and sent, it was not possible to reach agreement on the ultimate draft Communiqué, because M. Molotov still insisted on a final paragraph concerning the London decisions. M. Molotov eventually stated that, while the above text of the Communiqué was acceptable to the Soviet Government, so far as it went, the Communiqué as a whole could not be regarded as agreed until a decision was reached on how to deal with Generalissimo Stalin's insistent desire that the question should be covered. He accepted, however, Mr. Roberts' argument that it was unnecessary to pursue this issue further until after the Four Military Governors had begun work on the directive, since, if they failed in Berlin the whole agreement would fall to the ground.

The United States Ambassador told him that, regardless of the finally agreed text, when the Communiqué was made public we would be obliged to publish a statement that the agreement represented by it was entered into

without prejudice to the co-equal rights, duties and obligations of the Western Occupying Powers in Berlin. M. Molotov's reply to this was that the position of the Soviet Government was well known and that it might wish to make a similar public reservation.

At the end of the meeting on 30th August Mr. Roberts, with the support of his two colleagues, referred to the disturbed situation in Berlin and pointed out the special desirability of maintaining a favourable atmosphere in Berlin during the deliberations of the Military Governors. He suggested that instructions should be sent accordingly to the Military Governors, but M. Molotov declined to pursue the matter further, stating that the Soviet Military Governor already had his instructions.

M. Molotov further refused on 30th August to agree to the issue of an interim communiqué as suggested by the three Western representatives and he insisted that the agreed ban on publicity about the discussions should be maintained. It is worth noticing that the Soviet Government was the first to depart from this agreement by their unilateral release of a statement by "Tass" on 26th September.

The Discussions in Berlin between the Military Governors

On 31st August the four Commanders and their staffs met for the first time to work out, under instructions from their Governments, the implementation of the Directive. They continued these meetings daily throughout the week allotted for the Berlin discussions.

It soon became apparent that Marshal Sokolovsky was not ready to honour the understandings reached in Moscow. During the course of the meetings it was evident that he was seeking to increase, rather than to decrease, the restrictions on transport, and also to exclude any measure of quadripartite control over the German Bank of Emission for the Soviet Zone with respect to Berlin and to assert for the Soviet Military Authority sole jurisdiction over the trade between Berlin and the Western Zones of Germany as well as third countries.

With respect to the transport restrictions, Marshal Sokolovsky began by declaring that he would agree to removal of only those restrictions imposed after 18th June, the date of the currency reform. This position was taken in spite of Generalissimo Stalin's categorical statement on 23rd August that under the final wording of the Directive any restrictions imposed before that date would also be removed. Marshal Sokolovsky even endeavoured to discuss the imposition of restrictions on air traffic between the Western Zones of Occupation and Berlin. When the Western Commanders sought to discuss freedom of passage for military trains, the condition of the railroad tracks and the need of more paths, Marshal Sokolovsky began by declining to discuss rail traffic unless the three Commanders of the Western Occupying Powers would agree to discuss the imposition of restrictions on air traffic. The three Military Governors refused to do this, pointing out that the Directive referred only to the removal of existing restrictions, not to the imposition of new ones. In justifying his adherence to the date of 18th June, Marshal Sokolovsky argued that, since traffic restrictions were being removed in exchange for the currency provisions of the Directive, the latter must refer only to traffic restrictions imposed after the currency reform of 18th June in the Western Zones; he went on to say that traffic restrictions imposed before that date were connected with the London Conference. He later receded from his initial position on this point, but continued to try to put limitations on air traffic.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

With respect to the provisions of the Directive concerning the currency itself, Marshal Sokolovsky took the position (despite the clear understanding confirmed by Generalissimo Stalin in Moscow), that the proposed Four-Power Financial Commission should have no authority to control the operations of the German Bank of Emission with respect to Berlin but should be confined to supervising the functions described in sub-heads A-D of the Directive. Yet without such authority over the institution issuing and promulgating regulations concerning the currency of Berlin the Financial Commission would have proved a completely ineffective instrument if deprived of the necessary measure of control of the operations of the Bank of Emission in regard to Berlin: it would have been unable to ensure that sufficient currency and credit were provided to sustain the economic life of the Western Sectors and it would have had no means of remedying any discriminatory action taken by the Bank or by the Soviet authorities. Moreover, the meaning of the Directive on this point is clear since the necessary control of the Bank's activities in regard to Berlin is obviously included in the functions assigned to the Financial Commission in the last paragraph of the Directive, i.e., controlling the practical implementation of the financial arrangements involved in the introduction and continued circulation of a single currency in Berlin. Marshal Sokolovsky's repudiation of the understanding reached on this point with Generalissimo Stalin in Moscow was sufficient in itself to prevent agreement upon genuine quadripartite administration of the currency of Berlin, quite apart from other differences which arose concerning the detailed financial arrangements for Berlin.

With respect to trade arrangements between Berlin and the Western Zones of Germany and third countries, Marshal Sokolovsky asserted for the Soviet authorities the exclusive right to control such trade. This claim obviously contradicted the meaning of the agreed Directive to the four Military Governors, and in no way constituted a reasonable approach to the problem of working out a mutually "satisfactory basis" for the trade of Berlin.

Marshal Sokolovsky in Berlin thus took a position contrary to the explicit assurances given by Generalissimo Stalin in Moscow, with respect to restrictions on transport and communications, currency and trade for Berlin.

The week of discussion in Berlin thus failed to advance the prospects of final agreement being reached.

The Military Governors were unable to submit an agreed Four-Power report; Marshal Sokolovsky remarked that there was nothing to report. The United Kingdom, United States and French Military Governors therefore submitted an agreed Three-Power report to their Governments, the text of which is set out in Annex VII. The three main points at issue (apart from the continuance of the blockade measures) were:—

(*a*) The Soviet refusal to admit that the Financial Commission was to have any control whatsoever over the operations of the German Bank of Emission;

(*b*) The Soviet insistence on Soviet control of the trade of Berlin;

(*c*) The Soviet proposal to introduce restrictions on air transport.

On the first of these points the Soviet attitude was directly at variance with the assurance given in Moscow by Generalissimo Stalin, while the third was outside the scope of the Directive.

The talks in Berlin could make no progress until these three points of principle were settled. It was therefore decided to raise them in Moscow.

The representatives in Moscow of the three Western Occupying Powers were therefore instructed to approach the Soviet Government and to seek an interview with Generalissimo Stalin and M. Molotov with a view to resolving the three points of disagreement which had brought the talks with the Soviet Military Governor to a standstill. Having been informed that Generalissimo Stalin was away on a vacation which could not be interrupted, on 14th September they handed M. Molotov an *Aide-Mémoire* on the points at issue, the text of which is set out in Annex VIII. The Soviet reply of 18th September, the text of which is set out in Annex IX, sustained the attitude of the Soviet Military Governor and declined to admit that he had departed from the Directive which had been agreed in Moscow. Considerable discussion took place at these two meetings. For instance, in their note the Soviet Government claimed that to permit the operations of the German Bank of Emission of the Soviet Zone in regard to Berlin to be subject to Four-Power control would lead to such interference in matters of the regulation of currency circulation in the Soviet Zone as was incompatible with the Soviet administration's responsibility in that Zone. Mr. Roberts and his colleagues pointed out that the Western Powers were fully alive to the importance of this point and explained that the Military Governors of the Western Powers were ready to work out the necessary detailed safeguards with the Soviet Military Governor and to keep the contacts between the Four-Power Financial Commission and the German Bank of Emission of the Soviet Zone to the minimum necessary to ensure that its control was effective in currency matters relating to Berlin.

On this point and on others, M. Molotov was given every opportunity to modify the intransigent Soviet attitude but these talks contained no suggestion that such modification was likely, and at the last meeting on 18th September the three Western representatives made it clear that in their view the Soviet attitude was unlikely to be acceptable to their Governments, and in the face of the unsatisfactory Soviet reply the Governments of the United States, France and the United Kingdom therefore sent a note to the Soviet Government on 22nd September setting out their final views on the points at issue and asking the Soviet Government to state whether they were prepared to remove the blockade measures. The text of this note is set out in Annex X.

On 25th September a reply, the text of which is set out in Annex XI, was received from the Soviet Government. This reply did not provide the assurance which the three Governments had requested that the blockade measures would be removed. The Soviet Government further demanded that commercial and passenger traffic between the Western Zones of Occupation and Berlin, including air transport, should be controlled by the Soviet Command in Germany. In regard to currency, the Note indicated no advance on the position which the Soviet Government had taken up, but the Soviet Government offered to agree to Four-Power control of the trade of Berlin provided that agreement were reached on the other two points.

In view of the failure of all efforts to find an acceptable basis of negotiation with the Soviet Government a note was handed to the Soviet Ambassador in London on 27th September stating that the Governments of the United States, France and the United Kingdom, while reserving to themselves full rights to take such measures as might be necessary to maintain their position in Berlin, found themselves obliged to refer the action of the Soviet Government to the Security Council of the United Nations. The text of this note is set out in Annex XII.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C 224523

ANNEX I

REPORT ON THE TRIPARTITE CONFERENCE OF BERLIN (POTSDAM AGREEMENT), 2ND AUGUST, 1945

II

GERMANY

The Allied armies are in occupation of the whole of Germany and the German people have begun to atone for the terrible crimes committed under the leadership of those whom, in the hour of their success, they openly approved and blindly obeyed.

Agreement has been reached at this Conference on the political and economic principles of a co-ordinated Allied policy toward defeated Germany during the period of Allied control.

The purpose of this agreement is to carry out the Crimea declaration on Germany. German militarism and Nazism will be extirpated and the Allies will take in agreement together, now and in the future, the other measures necessary to assure that Germany never again will threaten her neighbours or the peace of the world.

It is not the intention of the Allies to destroy or enslave the German people. It is the intention of the Allies that the German people be given the opportunity to prepare for the eventual reconstruction of their life on a democratic and peaceful basis. If their own efforts are steadily directed to this end, it will be possible for them in due course to take their place among the free and peaceful peoples of the world.

The text of the agreement is as follows:—

THE POLITICAL AND ECONOMIC PRINCIPLES TO GOVERN THE TREATMENT OF GERMANY IN THE INITIAL CONTROL PERIOD

A. Political Principles

1. In accordance with the Agreement on Control Machinery in Germany, supreme authority in Germany is exercised, on instructions from their respective Governments, by the Commanders-in-Chief of the armed forces of the United States of America, the United Kingdom, the Union of Soviet Socialist Republics, and the French Republic, each in his own zone of occupation, and also jointly, in matters affecting Germany as a whole, in their capacity as members of the Control Council.

2. So far as is practicable, there shall be uniformity of treatment of the German population throughout Germany.

3. The purposes of the occupation of Germany by which the Control Council shall be guided are:

I. The complete disarmament and demilitarization of Germany and the elimination or control of all German industry that could be used for military production. To these ends:

(*a*) All German land, naval and air forces, the S.S., S.A., S.D. and Gestapo, with all their organizations, staffs and institutions, including the General Staff, the Officers' Corps, Reserve Corps, military schools, war veterans' organizations and all other military and quasimilitary organizations, together with all clubs and associations which serve to keep alive the military tradition in Germany, shall be completely and finally abolished in such manner as permanently to prevent the revival or reorganization of German militarism and Nazism.

(*b*) All arms, ammunition and implements of war and all specialized facilities for their production shall be held at the disposal of the Allies or destroyed. The maintenance and production of all aircraft and all arms, ammunition and implements of war shall be prevented.

II. To convince the German people that they have suffered a total military defeat and that they cannot escape responsibility for what they have brought upon themselves, since their own ruthless warfare and the fanatical Nazi resistance have destroyed German economy and made chaos and suffering inevitable.

III. To destroy the National Socialist Party and its affiliated and supervised organizations, to dissolve all Nazi institutions, to ensure that they are not revived in any form, and to prevent all Nazi and militarist activity or propaganda.

IV. To prepare for the eventual reconstruction of German political life on a democratic basis and for eventual peaceful cooperation in international life by Germany.

C224524

4. All Nazi laws which provided the basis of the Hitler regime or established discrimination on grounds of race, creed, or political opinion shall be abolished. No such discriminations, whether legal, administrative or otherwise, shall be tolerated.

5. War Criminals and those who have participated in planning or carrying out Nazi enterprises involving or resulting in atrocities or war crimes shall be arrested and brought to judgment. Nazi leaders, influential Nazi supporters and high officials of Nazi organisations and institutions and any other persons dangerous to the occupation or its objectives shall be arrested and interned.

6. All members of the Nazi Party who have been more than nominal participants in its activities and all other persons hostile to Allied purposes shall be removed from public and semi-public office, and from positions of responsibility in important private undertakings. Such persons shall be replaced by persons who, by their political and moral qualities, are deemed capable of assisting in developing genuine democratic institutions in Germany.

7. German education shall be so controlled as completely to eliminate Nazi and militarist doctrines and to make possible the successful development of democratic ideas.

8. The judicial system will be reorganized in accordance with the principles of democracy, of justice under law, and of equal rights for all citizens without distinction of race, nationality or religion.

9. The administration of affairs in Germany should be directed towards the decentralization of the political structure and the development of local responsibility. To this end:

I. local self-government shall be restored throughout Germany on democratic principles and in particular through elective councils as rapidly as is consistent with military security and the purposes of military occupation;

II. all democratic political parties with rights of assembly and of public discussion shall be allowed and encouraged throughout Germany;

III. representative and elective principles shall be introduced into regional, provincial and state (Land) administration as rapidly as may be justified by the successful application of these principles in local selfgovernment;

IV. for the time being no central German government shall be established. Notwithstanding this, however, certain essential central German administrative departments, headed by State Secretaries, shall be established, particularly in the fields of finance, transport, communications, foreign trade and industry. Such departments will act under the direction of the Control Council.

10. Subject to the necessity for maintaining military security, freedom of speech, press and religion shall be permitted, and religious institutions shall be respected. Subject likewise to the maintenance of military security, the formation of free trade unions shall be permitted.

B. Economic Principles

11. In order to eliminate Germany's war potential, the production of arms, ammunition and implements of war as well as all types of aircraft and sea-going ships shall be prohibited and prevented. Production of metals, chemicals, machinery and other items that are directly necessary to a war economy shall be rigidly controlled and restricted to Germany's approved post-war peacetime needs to meet the objectives stated in Paragraph 15. Productive capacity not needed for permitted production shall be removed in accordance with the reparations plan recommended by the Allied Commission on Reparations and approved by the Governments concerned or if not removed shall be destroyed.

12. At the earliest practicable date, the German economy shall be decentralized for the purpose of eliminating the present excessive concentration of economic powers as exemplified in particular by cartels, syndicates, trusts and other monopolistic arrangements.

13. In organizing the German economy, primary emphasis shall be given to the development of agriculture and peaceful domestic industries.

14. During the period of occupation Germany shall be treated as a single economic unit. To this end common policies shall be established in regard to:

(*a*) mining and industrial production and allocation;

(*b*) agriculture, forestry and fishing;

(*c*) wages, prices and rationing;

(*d*) import and export programmes for Germany as a whole;

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224525

(*e*) currency and banking, central taxation and customs;
(*f*) reparation and removal of industrial war potential;
(*g*) transportation and communications.

In applying these policies account shall be taken, where appropriate, of varying local conditions.

15. Allied controls shall be imposed upon the German economy but only to the extent necessary:

(*a*) to carry out programmes of industrial disarmament and demilitarization, of reparations, and of approved exports and imports;

(*b*) to assure the production and maintenance of goods and services required to meet the needs of the occupying forces and displaced persons in Germany and essential to maintain in Germany average living standards not exceeding the average of standards of living of European countries. (European countries means all European countries excluding the United Kingdom and the Union of Soviet Socialist Republics);

(*c*) to ensure in the manner determined by the Control Council the equitable distribution of essential commodities between the several zones so as to produce a balanced economy throughout Germany and reduce the need for imports;

(*d*) to control German industry and all economic and financial international transactions, including exports and imports, with the aim of preventing Germany from developing a war potential and of achieving the other objectives named herein;

(*e*) to control all German public or private scientific bodies, research and experimental institutions, laboratories, etcetera, connected with economic activities.

16. In the imposition and maintenance of economic controls established by the Control Council, German administrative machinery shall be created and the German authorities shall be required to the fullest extent practicable to proclaim and assume administration of such controls. Thus it should be brought home to the German people that the responsibility for the administration of such controls and any breakdown in these controls will rest with themselves. Any German controls which may run counter to the objectives of occupation will be prohibited.

17. Measures shall be promptly taken:

(*a*) to effect essential repair of transport;
(*b*) to enlarge coal production;
(*c*) to maximize agricultural output; and
(*d*) to effect emergency repair of housing and essential utilities.

18. Appropriate steps shall be taken by the Control Council to exercise control and the power of disposition over German-owned external assets not already under the control of United Nations which have taken part in the war against Germany.

19. Payment of Reparations should leave enough resources to enable the German people to subsist without external assistance. In working out the economic balance of Germany the necessary means must be provided to pay for imports approved by the Control Council in Germany. The proceeds of exports from current production and stock shall be available in the first place for payment for such imports.

The above clause will not apply to the equipment and products referred to in paragraphs 4 (*a*) and 4 (*b*) of the Reparations Agreement.

III

REPARATIONS FROM GERMANY

In accordance with the Crimea decision that Germany be compelled to compensate to the greatest possible extent for the loss and suffering that she has caused to the United Nations and for which the German people cannot escape responsibility, the following agreement on reparations was reached:

1. Reparation claims of the Union of Socialist Soviet Republics shall be met by removals from the zone of Germany occupied by the Union of Socialist Soviet Republics and from appropriate German external assets.

2. The Union of Socialist Soviet Republics undertakes to settle the reparation claims of Poland from its own share of reparations.

3. The reparation claims of the United States, the United Kingdom and other countries entitled to reparations shall be met from the Western Zones and from appropriate German external assets.

C224526

4. In addition to the reparations to be taken by the Union of Socialist Soviet Republics from its own zone of occupation, the Union of Socialist Soviet Republics shall receive additionally from the Western zones:

(*a*) 15 per cent of such usable and complete industrial capital equipment, in the first place from the metallurgical, chemical and machine manufacturing industries, as is unnecessary for the German peace economy and should be removed from the Western Zones of Germany, in exchange for an equivalent value of food, coal, potash, zinc, timber, clay products, petroleum products and other commodities as may be agreed upon.

(*b*) 10 per cent of such industrial capital equipment as is unnecessary for the German peace economy and should be removed from the Western Zones, to be transferred to the Soviet Government on reparations account without payment or exchange of any kind in return.

Removals of equipment as provided in (*a*) and (*b*) above shall be made simultaneously.

5. The amount of equipment to be removed from the Western Zones on account of reparations must be determined within six months from now at the latest.

6. Removals on industrial capital equipment shall begin as soon as possible and shall be completed within two years from the determination specified in paragraph 5. The delivery of products covered by 4 (*a*) above shall begin as soon as possible and shall be made by the Union of Socialist Soviet Republics in agreed instalments within five years of the date hereof. The determination of the amount and character of the industrial capital equipment unnecessary for the German peace economy and therefore available for reparations shall be made by the Control Council under policies fixed by the Allied Commission on Reparations, with the participation of France, subject to the final approval of the Zone Commander in the Zone from which the equipment is to be removed.

7. Prior to the fixing of the total amount of equipment subject to removal, advance deliveries shall be made in respect of such equipment as will be determined to be eligible for delivery in accordance with the procedure set forth in the last sentence of paragraph 6.

8. The Soviet Government renounces all claims in respect of reparations to shares of German enterprises which are located in the Western Zones of occupation in Germany as well as to German foreign assets in all countries except those specified in paragraph 9 below.

9. The Governments of the United Kingdom and the United States renounce their claims in respect of reparations to shares of German enterprises which are located in the Eastern Zone of occupation in Germany, as well as to German foreign assets in Bulgaria, Finland, Hungary, Rumania, and Eastern Austria.

10. The Soviet Government makes no claims to gold captured by the Allied troops in Germany.

ANNEX IIA.

IDENTIC NOTES FROM THE GOVERNMENTS OF THE UNITED KINGDOM AND THE UNITED STATES ADDRESSED TO THE GOVERNMENT OF THE UNION OF SOCIALIST SOVIET REPUBLICS, DATED 6TH JULY, 1948

"The United States Government* wishes to call to the attention of the Soviet Government the extremely serious international situation which has been brought about by the actions of the Soviet Government in imposing restrictive measures on transport which amount now to a blockade against the sectors in Berlin occupied by the United States, United Kingdom and France. The United States Government regards these measures of blockade as a clear violation of existing agreements concerning the administration of Berlin by the four occupying Powers.

"The rights of the United States as a joint occupying Power in Berlin derive from the total defeat and unconditional surrender of Germany. The international agreements undertaken in connexion therewith by the Governments of the United States, United Kingdom, France and the Soviet Union defined the zones in Germany and the sectors in Berlin which are occupied by these powers. They established the quadripartite control of Berlin on a basis of friendly cooperation which the Government of the United States earnestly desires to continue to pursue.

"These agreements implied the right of free access to Berlin. This right has long been confirmed by usage. It was directly specified in a message sent by

* The Note of His Majesty's Government in the United Kingdom was phrased in identic terms.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224527

President Truman to Premier Stalin on 14th June, 1945, which agreed to the withdrawal of United States forces to the zonal boundaries, provided satisfactory arrangements could be entered into between the military commanders, which would give access by rail, road and air to United States forces in Berlin. Premier Stalin replied on 16th June, suggesting a change in date but no other alteration in the plan proposed by the President. Premier Stalin then gave assurances that all necessary measures would be taken in accordance with the plan. Correspondence in a similar sense took place between Premier Stalin and Mr. Churchill. In accordance with this understanding, the United States, whose armies had penetrated deep into Saxony and Thuringia parts of the Soviet zone, withdrew its forces to its own area of occupation in Germany and took up its position in its own sector in Berlin.* Thereupon the agreements in regard to the occupation of Germany and Berlin went into effect. The United States would not have so withdrawn its troops from a large area now occupied by the Soviet Union had there been any doubt whatsoever about the observance of its agreed right of free access to its sector of Berlin. The right of the United States to its position in Berlin thus stems from precisely the same source as the right of the Soviet Union. It is impossible to assert the latter and deny the former.

"It clearly results from these undertakings that Berlin is not a part of the Soviet zone, but is an international zone of occupation. Commitments entered into in good faith by the zone commanders, and subsequently confirmed by the Allied Control Authority, as well as practices sanctioned by usage, guarantee the United States together with other Powers, free access to Berlin for the purpose of fulfilling its responsibilities as an occupying Power. The facts are plain. Their meaning is clear. Any other interpretation would offend all the rules of comity and reason.†

"In order that there should be no misunderstanding whatsoever on this point, the United States Government categorically asserts that it is in occupation of its sector in Berlin with free access thereto as a matter of established right deriving from the defeat and surrender of Germany and confirmed by formal agreements among the principal Allies. It further declares that it will not be induced by threats, pressure or other actions to abandon these rights. It is hoped that the Soviet Government entertains no doubts whatsoever on this point.

"This Government now shares with the Governments of France and the United Kingdom the responsibility initially undertaken at Soviet request on 7th July, 1945, for the physical well-being of 2,400,000 persons in the western sectors of Berlin. Restrictions recently imposed by the Soviet authorities in Berlin have operated to prevent this Government and the Governments of the United Kingdom and of France from fulfilling that responsibility in an edequate manner.

"The responsibility which this Government bears for the physical well-being and the safety of the German population in its sector of Berlin is outstandingly humanitarian in character. This population includes hundreds of thousands of women and children, whose health and safety are dependent on the continued use of adequate facilities for moving food, medical supplies and other items indispensable to the maintenance of human life in the western sectors of Berlin. The most elemental of those human rights which both our Governments are solemly pledged to protect are thus placed in jeopardy by these restrictions. It is intolerable that any one of the occupying authorities should attempt to impose a blockade upon the people of Berlin.

"The United States Government is therefore obliged to insist that in accordance with existing agreements the arrangements for the movement of freight and passenger traffic between the Western zones and Berlin be fully restored. There can be no question of delay in the restoration of these essential services since the needs of the civilian population in the Berlin area are imperative.

"Holding these urgent views regarding its rights and obligations in the United States sector of Berlin, yet eager always to resolve controversies in the spirit of fair consideration for the view points of all concerned, the Government of the United States declares that duress should not be invoked as a method of attempting to dispose of any disagreements which may exist between the Soviet Government and the Government of the United States in respect of any aspect of the Berlin situation.

* The Note of His Majesty's Government in the United Kingdom read: "In accordance with this understanding, the British 21st Army Group which had reached a line Wismar—Schwerin—Ludwigslust—Domitz withdrew . . . ."

† The Note of His Majesty's Government in the United Kingdom read: "Any other interpretation would violate all the rules of reason and all the established principles of international conduct."

C224528

"Such disagreements if any should be settled by negotiation or by way of the other peaceful methods provided for in Article 33 of the Charter in keeping with our mutual pledges as co-partners in the United Nations. For these reasons the Government of the United States is ready as a first step to participate in negotiations in Berlin among the four Allied Occupying Authorities for the settlement of any question in dispute arising out of the administration of the City of Berlin. It is, however, a prerequisite that the lines of communication and the movement of persons and goods between the United Kingdom, the United States and the French sectors in Berlin and the Western Zones shall have been fully restored.

ANNEX IIB

NOTE FROM THE GOVERNMENT OF THE FRENCH REPUBLIC ADDRESSED TO THE GOVERNMENT OF THE UNION OF SOCIALIST SOVIET REPUBLICS, DATED 6TH JULY, 1948

The French Government wishes to call the attention of the Soviet Government to the extremely serious international situation which has been brought about in Berlin as a result of the restrictive measures on transport imposed recently by the Soviet authorities which amount to the establishment of a blockade against the sector of the City occupied by France, as well as sectors occupied by the United States and Great Britain. The French Government regards these measures as a violation of the agreements between the four Occupying Powers concerning the control and occupation of Berlin.

The rights of France as an occupying power in Berlin derive from the total defeat and unconditional surrender of Germany. The international agreements undertaken in connection therewith by the Governments of France, the United States, Great Britain and the Soviet Union defined the zones in Germany and the sectors in Berlin which are occupied by these Powers. They established the quadripartite control of Berlin on a basis of friendly co-operation which the French Government has time and time again expressed the desire to pursue. Those agreements imply the right of free access to Berlin and this right has been confirmed by long usage.

It clearly results from the above that Berlin is not part of the Soviet zone but is an international zone of occupation. Commitments entered into in good faith by the Zone Commanders and subsequently confirmed by the Allied Control Authority as well as practices sanctioned by usage, guarantee to France together with the other Powers, free access to Berlin for the purpose of permitting her to assume her responsibilities as an Occupying Power.

The operation of this system during the last three years should be sufficient to prove that it is both the indispensable prerequisite for the administration of Berlin and a practicable solution which does no damage to the interests of any of the Occupying Powers. Nothing can justify its disruption by the Soviet Authorities.

In this connection the French Government wishes to underline that it is the Soviet authorities in Germany who have interrupted communications between Berlin and the Western zones. It is they who put an end to the activities of the Berlin Kommandatura. It is they who took the initiative in introducing in the International zone constituted by Berlin the currency circulating in their own zone, thus obliging the French authorities in Berlin to introduce in turn in their sector of the City the currency circulating in the French zone of occupation. The French Government recalls that its representatives have made every effort to avoid such a situation. They have gone as far as possible in seeking an understanding by suggesting by agreement with the American and British representatives that the currency circulating in the Soviet zone should be the sole legal tender in Berlin, provided that the introduction of this currency should be on a quadripartite basis. By refusing this suggestion the Soviet authorities have taken upon themselves responsibility for the disruption of the monetary unity of Berlin.

In order that there should be no misunderstanding whatsoever the French Government categorically asserts that its occupation of its sector of Berlin and freedom of movement between the French zone and the French sector of Berlin are matters of established right deriving from the defeat and surrender of Germany and confirmed by formal agreements among the principal allies.

It further declares that it has no intention of abandoning these rights and that it will not yield to threats or pressure. It hopes that the Soviet Government entertains no doubts whatsoever on this point.

It was the Soviet Government who on 7th July, 1945, requested the French Government as well as the American and British Governments to accept responsibility for the feeding and maintenance of the population of the Western sectors of Berlin, that

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

is to say of 2,400,000 people. The restrictions recently imposed by the Soviet authorities in Berlin have operated to prevent the French Government and the American and British Governments from fulfilling in an adequate manner the obligations undertaken at the specific request of the Soviet Government.

The responsibility which the French Government bears for the maintenance and safety of the German population in its sector of Berlin is outstandingly humanitarian in character. This population includes hundreds and thousands of men, women and children whose existence depends on the continued use of transport facilities adequate to ensure the provision of food, medical supplies and other indispensable items. The present restrictions endanger the most elementary human rights which our two Governments are solemnly pledged to protect. It is intolerable that any one of the Occupying Powers should attempt to impose a blockade upon the people of Berlin.

The French Government is, therefore, obliged to insist that in accordance with existing agreement, arrangements should be made to restore the movement of persons and goods between the Western zones and Berlin. There can be no question of delay in the restoration of these services which are essential to cover the imperative needs of the civilian population in Berlin.

Conscious of the gravity of the problem and the necessity of a rapid solution the French Government desires to resolve controversies in the spirit of fair consideration for the view point of all concerned. It must declare, however, that duress should not be invoked as a method of settling any disagreements which may exist between the Soviet Government and the French Government in respect of any aspect of the Berlin situation. Such disagreements, if any, should be settled by negotiation or by any other of the peaceful methods provided for in Article 33 of the Charter in keeping with the mutual pledges of our Governments as members of the United Nations.

For these reasons the French Government is ready as a first step to agree that a settlement of any question in dispute arising out of the administration of Berlin should be discussed in Berlin among the Allied authorities on a quadripartite basis. It is, however, a prerequisite that lines of communication and the movement of persons and goods between the French, United Kingdom and United States sectors of Berlin and the Western zones should be fully restored.

ANNEX IIIA

IDENTIC NOTE OF THE GOVERNMENT OF THE UNION OF SOCIALIST SOVIET REPUBLICS ADDRESSED TO THE GOVERNMENTS OF THE UNITED KINGDOM AND THE UNITED STATES, DATED 14TH JULY, 1948

(Unofficial Translation)

"1. The Soviet Government has familiarised itself with the note of the Government of the United States of America* of 6th July, 1948, in which the situation which has been created at the present time in Berlin is described as a result of measures taken by the Soviet side. The Soviet Government cannot agree with this statement of the Government of the United States and considers that the situation which has been created in Berlin has arisen as a result of violation by the Governments of the United States of America, Great Britain and France, of agreed decisions taken by the four Powers in regard to Germany and Berlin which (violation) has found its expression in the carrying out of a separate currency reform, in the introduction of a special currency for the western sectors of Berlin and in the policy of the dismemberment of Germany. The Soviet Government has more than once warned the Governments of the United States of America, Great Britain and France of the responsibility which they would take upon themselves in following along the path of the violation of agreed decisions previously adopted by the four Powers in regard to Germany. The decisions adopted at the Yalta and Potsdam Conferences and also the agreement of the four Powers concerning the control mechanism in Germany have as their aim the demilitarisation and democratisation of Germany, the removal of the base itself of German militarism and the prevention of the revival of Germany as an aggressive Power and thereby the transformation of Germany into a peace-loving and democratic State. These agreements envisage the obligation of Germany to pay reparations and thereby to make at least partial compensation for the damage to those countries which suffered from German aggression. In accordance with these agreements the Governments of the four Powers took upon themselves the responsibility for the administration of Germany and bound themselves jointly to draw up a statute for Germany or for any areas including Berlin which were part of German territory and to

* The note to His Majesty's Government in the United Kingdom was phrased in identic terms.

conclude with Germany a peace treaty which should be signed by a Government of a democratic Germany adequate for that purpose.

"These most important agreements of the four Powers in regard to Germany have been violated by the Governments of the United States of America, Great Britain and France. Measures for the demilitarisation of Germany have not been completed and such a very important centre of German war industry as the Rhur district has been taken out from under the control of the four Powers. The execution of decisions concerning reparations from the western zones of occupation of Germany has been interrupted by the Governments of the United States of America, the United Kingdom and France. By the separate actions of the Governments of the United States of America, Great Britain and France the Four-Power control mechanism in Germany has been destroyed and the Control Council as a result thereof has ceased its activity.

"Following the London meeting of the three Powers with the participation of Benelux, measures have been undertaken by the Governments of the United States of America, Great Britain and France directed towards the division and dismemberment of Germany including preparations which are now in progress for the designation of a separate Government for the western zones of Germany and the separate currency reform for the western zones of occupation carried out on 18th June of this year.

"In as much as the situation created in Berlin as well as in all Germany is the direct result of the systematic violation by the Governments of the United States of America, Great Britain and France of the decisions of the Potsdam Conference and also of the agreement of the four Powers concerning the control mechanism in Germany, the Soviet Government must reject as completely unfounded the statement of the Government of the United States to the effect that the measures for the restriction of transport communications between Berlin and the western zones of occupation of Germany introduced by the Soviet command for the defence of the economy of the Soviet zone against its disorganisation are allegedly in violation of the existing agreements concerning the administration of Berlin.

"2. The Government of the United States declares that it is occupying its sector in Berlin by right arising out of the defeat and capitulation of Germany, referring in this connexion to agreements between the four Powers in regard to Germany and Berlin. This merely confirms the fact that the exercise of the above mentioned right in regard to Berlin is linked to the obligatory execution by the Powers occupying Germany of the Four-Power agreements concluded among themselves in regard to Germany as a whole. In conformity with these agreements Berlin was envisaged as the seat of the supreme authority of the four Powers occupying Germany, in which connection the agreement concerning the administration of 'Greater Berlin' under the direction of the Control Council was reached.

"Thus the agreement concerning the Four-Power administration of Berlin is an inseparable component part of the agreement for the Four-Power administration of Germany as a whole. After the United States of America, Great Britain and France by their separate actions in the western zones of Germany destroyed the system of Four-Power administration of Germany and had begun to set up a capital for a Government for Western Germany in Frankfurt-am-Main, they thereby undermined as well the legal basis which assured their right to participation in the administration of Berlin.

"The Government of the United States in its note points out that its right to be in Berlin is based also on the fact that the United States withdrew its forces from certain regions of the Soviet zone of occupation into which they had penetrated during the period of hostilities in Germany, and that if it (the United States Government) had foreseen the situation, which has been created in Berlin, it would not have withdrawn its forces from those regions. However, the Government of the United States well knows that in removing its troops to the boundaries of the American zone established by agreement of the four Powers concerning zones of occupation in Germany it was only carrying out an obligation which it had taken upon itself, the execution of which could alone accord the right of the entry of the troops of the United States into Berlin. An examination of the letter referred to in the note of the Government of the United States of America of President Truman to Premier Stalin of 14th June, 1945, and the letter in reply of Premier Stalin of 16th June, 1945, confirms the fact that, thanks to the agreement then reached, the forces of the United States of America, Great Britain and France were given the opportunity to enter not only the capital of Germany, Berlin, but also the capital of Austria, Vienna, which as is known, were taken only by the forces of the Soviet Army. In addition, it is known that the agreements referred to concerning the question of Berlin and also of Vienna were only a part of the agreements concerning Germany and Austria upon the fulfilment of which the Soviet Government continues to insist.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

"3. The Government of the United States declares that the temporary measures put into effect by the Soviet Command for the restriction of transport communications between Berlin and the western zones have created difficulties in supplying the Berlin population of the western sectors. It is impossible, however, to deny the fact that these difficulties were occasioned by the actions of the Governments of the United States of America, Great Britain, and France, and primarily by their separate actions in the introduction of new currency in the western zones of Germany and special currency in the western sectors of Berlin.

"Berlin lies in the centre of the Soviet zone and is a part of that zone. The interests of the Berlin population do not permit a situation in which in Berlin or only in the western sectors of Berlin there shall be introduced special currency which has no validity in the Soviet zone. Moreover, the carrying out of a separate monetary reform in the western zones of Germany has placed Berlin and the whole Soviet zone of occupation as well in a situation in which the entire mass of currency notes which were cancelled in the western zone threatened to pour into Berlin and the Soviet zone of occupation of Germany.

"The Soviet Command has been forced therefore to adopt certain urgent measures for the protection of the interests of the German population and also of the economy of the Soviet zone of occupation and the area of 'Greater Berlin.' The danger of the disruption of the normal economic activity of the Soviet zone and of Berlin has not been eliminated even at the present time, inasmuch as the United States, Great Britain and France continue to maintain in Berlin their special currency.

"Furthermore, the Soviet Command has consistently displayed and is displaying concern for the well-being of the Berlin population and for assuring to them normal supply in all essentials and is striving for the speediest elimination of the difficulties which have arisen recently in the matter. In this connexion, if the situation requires, the Soviet Government would not object to assuring by its own means adequate supply for all 'Greater Berlin.'

"With reference to the statement of the Government of the United States that it will not be compelled by threats, pressure or other actions to renounce its right to participation in the occupation of Berlin, the Soviet Government does not intend to enter into discussion of this statement since it has no need for a policy of pressure, since by violation of the agreed decisions concerning the administration of Berlin the above-mentioned Governments themselves are reducing to naught their right to participation in the occupation of Berlin.

"4. The Government of the United States in its note of 6th July, expresses the readiness to begin negotiations between the four Allied occupying authorities for consideration of the situation created in Berlin but passes by in silence the question of Germany as a whole.

"The Soviet Government, while not objecting to negotiations, considers, however, it necessary to state that it cannot link the inauguration of these negotiations with the fulfilling of any preliminary conditions whatsoever and that, in the second place, Four-Power conversations could be effective only in the event that they were not limited to the question of the administration of Berlin, since that question cannot be severed from the general question of Four-Power control in regard to Germany."

ANNEX IIIB

NOTE OF THE GOVERNMENT OF THE UNION OF SOCIALIST SOVIET REPUBLICS ADDRESSED TO THE GOVERNMENT OF THE FRENCH REPUBLIC, DATED 14TH JULY, 1948.

(Unofficial Translation)

"1. The Soviet Government has familiarised itself with the note of the French Government of 6th July, 1948, in which the situation which has been created at the present time in Berlin is described as a result of measures taken by the Soviet side. The Soviet Government cannot agree with this statement of the French Government and considers that the situation which has been created in Berlin has arisen as a result of violation by the Governments of France, the United States of America, and Great Britain, of agreed decisions taken by the four Powers in regard to Germany and Berlin which (violation) has found its expression in the carrying out of a separate currency reform, in the introduction of a special currency for the western sectors of Berlin and in the policy of the dismemberment of Germany. The Soviet Government has more than once warned the Governments of France, the United States of America, and Great Britain of the responsibility which they would take upon themselves in following along the path of the violation of agreed decisions previously adopted by the four Powers in regard to Germany. The decisions adopted at the

Yalta and Potsdam Conferences and also the agreement of the four Powers concerning the control mechanism in Germany have as their aim the demilitarisation and democratisation of Germany, the removal of the base itself of German militarism and the prevention of the revival of Germany as an aggressive Power and thereby the transformation of Germany into a peace-loving and democratic State. These agreements envisage the obligation of Germany to pay reparations and thereby to make at least partial compensation for the damage to those countries which suffered from German aggression. In accordance with these agreements the Governments of the four Powers took upon themselves the responsibility for the administration of Germany and bound themselves jointly to draw up a statute for Germany or for any areas including Berlin which were part of German territory and to conclude with Germany a peace treaty which should be signed by a Government of a democratic Germany adequate for that purpose.

"These most important agreements of the four Powers in regard to Germany have been violated by the Governments of France, the United States of America, and Great Britain. Measures for the demilitarisation of Germany have not been completed and such a very important centre of German war industry as the Ruhr district has been taken out from under the control of the four Powers. The execution of decisions concerning reparations from the western zones of occupation of Germany has been interrupted by the Governments of France, the United States of America, and Great Britain. By the separate actions of the Governments of France, the United States of America, and Great Britain, the Four-Power control mechanism in Germany has been destroyed and the Control Council as a result thereof has ceased its activity.

"Following the London meeting of the three Powers with the participation of Benelux, measures have been undertaken by the Governments of France, the United States of America, and Great Britain directed towards the division and dismemberment of Germany including preparations which are now in progress for the designation of a separate Government for the western zones of Germany and the separate currency reform for the western zones of occupation carried out on 18th June of this year.

"In as much as the situation created in Berlin as well as in all Germany is the direct result of the systematic violation by the Governments of France, the United States of America and Great Britain of the decisions of the Potsdam Conference and also of the agreement of the four Powers concerning the control mechanism in Germany, the Soviet Government must reject as completely unfounded the statement of the French Government to the effect that the measures for the restriction of transport communications between Berlin and the western zones of occupation of Germany introduced by the Soviet command for the defence of the economy of the Soviet zone against its disorganisation are allegedly in violation of the existing agreements concerning the administration of Berlin.

"2. The French Government declares that it is occupying its sector in Berlin by right arising out of the defeat and capitulation of Germany, referring in this connexion to agreements between the four Powers in regard to Germany and Berlin. This merely confirms the fact that the exercise of the above mentioned right in regard to Berlin is linked to the obligatory execution by the Powers occupying Germany of the Four-Power agreements concluded among themselves in regard to Germany as a whole. In conformity with these agreements Berlin was envisaged as the seat of the supreme authority of the four Powers occupying Germany, in which connexion the agreement concerning the administration of 'Greater Berlin' under the direction of the Control Council was reached.

"Thus the agreement concerning the Four-Power administration of Berlin is an inseparable component part of the agreement for the Four-Power administration of Germany as a whole. After France, the United States of America, and Great Britain by their separate actions in the western zones of Germany destroyed the system of Four-Power administration of Germany and had begun to set up a capital for a Government for Western Germany in Frankfurt-am-Main, they thereby undermined as well the legal basis which assured their right to participation in the administration of Berlin.

"3. The French Government declares that the temporary measures put into effect by the Soviet Command for the restriction of transport communications between Berlin and the western zones have created difficulties in supplying the Berlin population of the western sectors. It is impossible, however, to deny the fact that these difficulties were occasioned by the actions of the Governments of France, the United States of America and Great Britain, and primarily by their separate actions in the introduction of new currency in the western zones of Germany and special currency in the western sectors of Berlin.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

"Berlin lies in the centre of the Soviet zone and is a part of that zone. The interests of the Berlin population do not permit a situation in which in Berlin or only in the western sectors of Berlin there shall be introduced special currency which has no validity in the Soviet zone. Moreover, the carrying out of a separate monetary reform in the western zones of Germany has placed Berlin and the whole Soviet zone of occupation as well in a situation in which the entire mass of currency notes which were cancelled in the western zone threatened to pour into Berlin and the Soviet zone of occupation of Germany.

"The Soviet Command has been forced therefore to adopt certain urgent measures for the protection of the interests of the German population and also of the economy of the Soviet zone of occupation and the area of 'Greater Berlin.' The danger of the disruption of the normal economic activity of the Soviet zone and of Berlin has not been eliminated even at the present time, in as much as France, the United States and Great Britain continue to maintain in Berlin their special currency.

"Furthermore, the Soviet Command has consistently displayed and is displaying concern for the well-being of the Berlin population and for assuring to them normal supply in all essentials and is striving for the speediest elimination of the difficulties which have arisen recently in the matter. In this connexion, if the situation requires, the Soviet Government would not object to assuring by its own means adequate supply for all 'Greater Berlin.'

"With reference to the statement of the French Government that it will not be compelled by threats, pressure or other actions to renounce its rights to participation in the occupation of Berlin, the Soviet Government does not intend to enter into discussion of this statement since it has no need for a policy of pressure, since by violation of the agreed decisions concerning the administration of Berlin the above-mentioned Governments themselves are reducing to naught their right to participation in the occupation of Berlin.

"4. The French Government in its note of 6th July expresses the readiness to begin negotiations between the four Allied occupying authorities for consideration of the situation created in Berlin but passes by in silence the question of Germany as a whole.

"The Soviet Government, while not objecting to negotiations, considers, however, it necessary to state that it cannot link the inauguration of these negotiations with the fulfilling of any preliminary conditions whatsoever and that, in the second place, Four-Power conversations could be effective only in the event that they were not limited to the question of the administration of Berlin, since that question cannot be severed from the general question of Four-Power control in regard to Germany.

ANNEX IV

AIDE MEMOIRE BY THE REPRESENTATIVES OF THE GOVERNMENTS OF THE UNITED KINGDOM, THE UNITED STATES AND FRANCE DELIVERED TO M. ZORIN ON 30TH JULY, 1948.

"The United States Government* has given the most serious consideration to the note delivered by the Soviet Ambassador in Washington and have exchanged views with the British and French Governments on the similar notes received by these Governments. The United States Government does not accept the contention in the Soviet note that the right of the Western Occupying Powers to participate in the occupation of Berlin no longer exists, and while they do not wish to enter into a detailed discussion of the allegations contained in M. Panyushkin's note of 14th July, they would like to make it plain at the outset that they cannot accept the Soviet version of the facts nor the interpretation placed on them.

"Whatever may be the reasons which have led the Soviet authorities to decide the restriction of communications between Berlin and Western zones of occupation of Germany, whether these reasons be technical as was first stated, or political, as M. Panyushkin's note would seem to indicate, the measures taken by the Soviet authorities in Berlin have created an abnormal and dangerous situation, the gravity of which does not need to be emphasised.

* The notes of His Majesty's Government in the United Kingdom and of the Government of the French Republic were phrased in identic terms.

"The Soviet reply of 14th July offers no constructive suggestion for the bringing to an end of the abnormal situation in Berlin. Nevertheless the United States Government as any peace-loving government, holds the view that this situation is capable of settlement. They trust that the Soviet Government share this view. The question of negotiation has never been, and is not the issue. The willingness to negotiate in the absence of duress has always been there. In the opinion of the United States Government, the best way to a solution of the present difficulties lies in direct approach. They think that a frank discussion between Generalissimo Stalin and M. Molotov on one side and the representatives of each of the three Western Occupying Powers on the other side should give the opportunity of finding a solution. I accordingly have been instructed by my Government to request that you should arrange an interview between Generalissimo Stalin and M. Molotov on the one hand and the French Ambassador, the United Kingdom Chargé d'Affaires and myself on the other hand in order to discuss the present situation in Berlin and its wider implications."

ANNEX V

ORAL STATEMENT BY THE UNITED STATES AMBASSADOR ON BEHALF OF THE REPRESENTATIVES OF THE GOVERNMENTS OF THE UNITED KINGDOM, THE UNITED STATES AND THE FRENCH REPUBLIC TO PREMIER STALIN MADE ON 3RD AUGUST, 1948

"It is not our purpose at this time to rebut in detail the charges contained in the Soviet note. It is highly important, however, to make completely clear certain fundamental points in the position of the United States, the United Kingdom and France and to clarify the position of the Soviet Union which in certain respects is obscure. The three Governments must re-emphasise their right to be in Berlin to be unquestionable and absolute. They do not intend to be coerced by any means whatsoever into abandoning this right.

"Action taken by the Soviets in interfering with rights in connection with occupation, derived through the defeat and surrender of Germany and through international agreement and usage, by interrupting communications between Berlin and the Western Zones, thus interfering with duties of Allied Military Forces of Occupation, is viewed with extreme seriousness by the Governments of the United States, the United Kingdom and France. It is incumbent on them to take such measures as are necessary to assure the supply of their forces and discharge of their occupational duties. The United States, the United Kingdom and France do not wish the situation to deteriorate further and assume that the Soviet Government shares this desire. The three Governments have in mind restrictive measures which have been placed by Soviet authorities on communication between the Western Zones of Germany and Western sectors of Berlin. It was the feeling of our Governments that if these measures arose from technical difficulties, such difficulties could easily be remedied. The three Governments renew their offer of assistance to this end. If in any way related to the currency problem, such measures are obviously uncalled-for, since this problem could have been, and can now be, adjusted by representatives of the four Powers in Berlin. If, on the other hand, these measures are designed to bring about negotiations among the four Occupying Powers they are equally unnecessary, since the Governments of the United Kingdom, the United States and France have never at any time declined to meet representatives of the Soviet Union to discuss questions relating to Germany. However, if the purpose of these measures is to attempt to compel the three Governments to abandon their rights as Occupying Powers in Berlin, the Soviet Government will understand from what has been stated previously that such an attempt could not be allowed to succeed.

"In spite of recent occurrences, the three Powers are unwilling to believe that this last reason is the real one. Rather they assume that the Soviet Government shares their view that it is in the interest of all four Occupying Powers, of the German people and of the world in general to prevent any further deterioration of the position and to find a way by mutual agreement to bring to an end the extremely dangerous situation that has developed in Berlin.

"The Soviet Government will, however, appreciate that the three Governments are unable to negotiate in the situation which the Soviet Government has taken the initiative in creating. Free negotiations can only take place in an atmosphere relieved of pressure. This is the issue. Present restrictions upon communications between Berlin and the Western Zones offend against this principle. When this issue is resolved, such difficulties as stand in the way of resumption of conversations on the lines set out should be removed."

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

ANNEX VI

THE DIRECTIVE TO THE FOUR MILITARY GOVERNORS IN BERLIN AGREED TO BY THE GOVERNMENTS OF THE UNION OF SOCIALIST SOVIET REPUBLICS, THE UNITED STATES, UNITED KINGDOM AND FRENCH REPUBLIC ON 30TH AUGUST, 1948

"*Directive*

"The Governments of France, the United Kingdom, the United States, and the Union of Socialist Soviet Republics have decided that subject to agreement being reached among the four military governors in Berlin for their practical implementation, the following steps shall be taken simultaneously:

"(A) Restrictions on communications, transport and commerce between Berlin and the Western zones and to and from Soviet zone of Germany which have recently been imposed shall be lifted;

"(B) The German mark of the Soviet zone shall be introduced as the sole currency for Berlin, and the Western mark B shall be withdrawn from circulation in Berlin.

"In connection with the above you are instructed to consult together with your colleagues so as to make, in the shortest time possible, the detailed arrangements necessary for the implementation of these decisions, and to inform your government not later than 7th September of the results of your discussions, including the exact date on which the measures under (A) and (B) above can be brought into effect. The four military governors will work out arrangements involved in the introduction of the German mark of the Soviet zone in Berlin.

"The arrangements relating to the currency change-over and to the continued provision and use in Berlin of the German mark of the Soviet zone shall ensure:

"(*a*) No discrimination or action against holders of Western marks B in connexion with the exchange of those Western marks issued in Berlin. These shall be accepted for exchange for German marks of the Soviet zone at the rate of one for one;

"(*b*) Equal treatment as to currency and provision of fully-accessible banking and credit facilities throughout all sectors of Berlin. The four military governors are charged with providing adequate safeguards to prevent the use in Berlin of the German mark of the Soviet zone from leading to disorganising currency circulation or disrupting the stability of currency in the Soviet zone;

"(*c*) A satisfactory basis for trade between Berlin and third countries and the Western zones of Germany. Modification of this agreed basis to be made only by agreement among the four military governors;

"(*d*) The provision of sufficient currency for budgetary purposes and for occupation costs, reduced to the greatest extent possible, and also the balancing of the Berlin budget.

"The regulation of currency circulation in Berlin is to be undertaken by the German bank of emission of the Soviet zone through the medium of the credit establishments operating at present in Berlin.

"A financial commission of representatives of the four military governors shall be set up to control the practical implementation of the financial arrangements indicated above, involved in the introduction and continued circulation of a single currency in Berlin."

ANNEX VII

JOINT REPORT OF THE CONVERSATIONS OF THE FOUR MILITARY GOVERNORS IN BERLIN BY THE UNITED STATES, UNITED KINGDOM AND FRENCH MILITARY GOVERNORS IN GERMANY, DATED 7TH SEPTEMBER, 1948.

The French, United States and United Kingdom Commanders-in-Chief in Germany have agreed to report jointly to their Governments as follows on the discussions which have taken place in Berlin in accordance with the directive upon which agreement has been reached between their Governments and the Soviet Government in Moscow.

1. The discussions have not produced agreement on the subjects referred to examination by the Commanders-in-Chief in the directive. The position on the main issue is as set out below.

2. *Removal of restrictions on communications and transport.* No progress was made on this matter until today, 7th September, when Marshal Sokolovsky produced a fresh proposal in which he made a considerable advance on the position which he had hitherto taken up. As regards road and rail traffic, his proposals, although they do not completely restore the position as it existed in March, are probably acceptable. We have agreed to study them carefully. With regard to inland water traffic his proposals are less clear and less satisfactory. At the conclusion of his proposals he presented a clause dealing with air traffic in which he stipulated that the regulations adopted by the Control Council in November, 1945, shall be strictly observed. By his interpretation of these regulations civil air traffic to Berlin would be prohibited. On this point we have informed him that we are unable to discuss the imposition of restrictions on air traffic since none existed in March.

3. On *financial* matters agreement has been reached on a number of points of detail regarding the conversion of 'B' marks in currency and in accounts into the German mark of the Soviet zone. The financial experts have not yet completed discussion of their agenda. In particular there has as yet been no discussion on the question of

(A) How payments are to be made for food and coal brought into Berlin by the Western Powers.

(B) Balancing the Berlin city budget.

(C) Occupation costs.

We would point out that these are important questions with far-reaching consequences. However, in the financial field the disagreement regarding the functions of the Finance Commission is of overriding importance. In essence we have contended according to our interpretation of the directive that the Finance Commission should control the activities of the German bank of emission in regard to the conversion of currency and its subsequent circulation in Berlin. Marshal Sokolovsky has refused to admit this and has maintained that the functions of the Finance Commission are limited to the four points (A) to (D) with regard to which the Military Governors were instructed to make financial arrangements.

4. *Trade*: Deadlock has been reached in the discussion regarding the establishment of a satisfactory basis for trade between Berlin and the western zones and foreign countries. This is due to Soviet insistence that the Soviet Military Authorities shall be exclusively responsible for approving the relevant trade agreements and for issuing import/export licences. We have contended that the trade of Berlin should be controlled or supervised by a quadripartite body. Agreement has been reached on interzonal trade only.

5. We feel that we can sum up the over-all position by reporting that after some days of little progress Marshal Sokolovsky has given ground on most of the subsidiary issues as well as making a reasonable proposal in regard to road and rail traffic. There remain three main points of disagreement, namely:

(A) The functions of the Finance Commission and in particular its relation to the German bank of emission.

(B) The Soviet insistence on Soviet control of the trade of Berlin.

(C) The Soviet proposal to introduce restrictions on air transport.

We feel that the last minute concessions which the Soviet have made today were designed to improve their bargaining position on these main issues in view of the probability that they would be raised on the government level.

6. We have observed no sign in Marshal Sokolovsky of an intention to yield on these three points and we see no chance of real progress here until action has been taken on a governmental level to resolve them. Given a satisfactory solution to each of these points we believe that discussions can usefully be resumed in Berlin since a number of detailed matters will still require settlement; however we must point out that some of the matters which have not yet been discussed, particularly the question of payment for food and coal and that of the occupation costs may yet constitute very serious difficulties.

7. We informed Marshal Sokolovsky today that in accordance with the directive we propose to report to our Governments. We emphasised that this did not imply in any way that the conversations in Berlin had broken down. We suggested that our Governments would probably wish to consider our reports and might send us further instructions. We promised to tell him when we were able to resume discussions with him. We have agreed that comment to the Press here will be to explain discontinuance of meetings as being to permit detailed study of the reports before us.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224537

ANNEX VIII

AIDE-MÉMOIRE DELIVERED BY THE REPRESENTATIVES OF THE GOVERNMENTS OF THE UNITED STATES, UNITED KINGDOM AND FRANCE TO M. MOLOTOV ON 14TH SEPTEMBER, 1948

"1. The Governments of France, the United Kingdom and the United States having received and studied reports from their Military Governors of the discussions in Berlin find it necessary to draw the attention of the Soviet Government to the fact that the position adopted by the Soviet Military Governor during the meetings in Berlin on a number of points deviates from the principles agreed at Moscow between the four Governments and contained in the agreed directive to the four Military Governors. As the Soviet Government is aware, the terms of this directive were finally agreed after long and careful consideration, and after clarifications as to interpretation had been received from the Soviet Government.

"2. The specific issues on which in the opinion of the Governments of France, the United Kingdom and the United States, the Soviet Military Governor has departed from the understandings reached at Moscow relate to: (1) restrictions on communications, transport and commerce between Berlin and the Western zones; (2) the authority and functions of the financial commission, and in particular its relation to the German Bank of Emission; and (3) the control of the trade of Berlin.

"3. As to the first, the Soviet Military Governor has presented a proposal which falls outside the agreed principle that the restrictions which have recently been imposed on communications, transport and commerce be lifted. He has proposed that restrictions upon air traffic, not heretofore existing, should now be imposed, and in particular that air traffic to Berlin should be strictly limited to that necessary to meet the needs of the military forces of occupation.

"4. As the Soviet Government is aware, the directive makes no mention of air transport and this question was not discussed at Moscow. The directive reads: 'Restrictions on communications, transport, and commerce between Berlin and the Western Zones and to and from the Soviet zone of Germany which have recently been imposed shall be lifted.' There have been and are no such restrictions on air traffic. The purpose of the directive is to lift restrictions and not to impose new ones. The proposal of the Soviet Commander-in-Chief, therefore, falls outside the scope of the present discussions and is unacceptable.

"5. Secondly, on the question of the authority and functions of the financial commission there should be not the slightest grounds for any misunderstanding. At the meeting on 23rd August attended by Premier Stalin and M. Molotov and the representatives of the Governments of France, the United Kingdom and the United States, the intention of the directive in regard to the powers of the financial commission including its power to control the operations in Berlin of the German Bank of Emission was clearly and specifically confirmed by Premier Stalin. The Soviet Military Governor has refused to accept both the meaning of the directive and the clear understanding of the Four Powers reached at Moscow.

"6. Thirdly, there is the question of the control of the trade of Berlin. The position of the Soviet Military Governor during the discussions in Berlin in regard to matters relating to the control of trade between Berlin and the Western zones of Germany amounts to a claim for exclusive Soviet authority over such matters. Such a claim is a contradiction of the spirit and meaning of the directive to the four Military Governors to which the four Governments gave their approval and is therefore unacceptable.

"7. In bringing these major points of difference to the notice of the Soviet Government, the Governments of United States, the United Kingdom and France do not wish to imply that these are the only points of difference which have arisen during the conversations in Berlin.

"8. The Governments of France, the United Kingdom and the United States have understood clearly the principles agreed to in Moscow and the assurances given by Premier Stalin. Their Military Governors in Berlin have acted in accordance with those principles and assurances. The position taken by the Soviet Military Governor, on the contrary, has constituted a departure from what was agreed in Moscow and strikes at the very foundation upon which these discussions were undertaken. The divergencies which have accordingly arisen on these questions are so serious that

C22[illegible]38

the Governments of France, the United Kingdom and the United States feel compelled to inquire whether the Soviet Government is prepared to affirm the understandings outlined herein and to issue the necessary instructions to the Soviet Military Governor, confirming the agreed intention of the directive in regard to:

"(*a*) the lifting of all restrictions on communication, transport and commerce imposed after 30th March, 1948, without imposition of any new air or other restrictions; and

"(*b*) the control by the Financial Commission of the financial arrangements contemplated by the agreed directive, including control of the operations of the Bank of Emission with respect to Berlin as specifically confirmed by Premier Stalin; and

"(*c*) a satisfactory basis for trade between Berlin and third countries and the Western zones of Germany in accordance with an agreement to be reached between the four Military Governors which does not involve the unilateral control of such trade by the Soviet Trade Administration and which recognises the right of each of the occupying Powers to import in fulfilment of their respective responsibilities, and to control the proceeds from, food and fuel imported for the use of the Berlin population and industry.

"9. The Governments of France, the United Kingdom and the United States believe that only if the steps proposed in this aide-mémoire are taken will it be possible for the Military Governors to continue their discussions."

ANNEX IX

AIDE-MEMOIRE OF THE SOVIET GOVERNMENT DELIVERED TO THE REPRESENTATIVE OF THE UNITED STATES, UNITED KINGDOM AND FRANCE ON 18TH SEPTEMBER, 1948

(Unofficial Translation)

"1. The Government of the Union of Socialist Soviet Republics has acquainted itself with the aide-mémoire dated 14th September last of the Governments of France, the United Kingdom and the United States, which gives a unilateral account of the course of discussions between the four Military Governors in Berlin and which presents incorrectly the position adopted by the Soviet Military Government during those discussions.

"The Soviet Government believes that consideration of the differences referred to in the said aide-mémoire, which arose during the Berlin discussions in regard to the interpretation of the directive to the Military Governors would have been facilitated and expedited had the four Military Governors submitted to their Governments a joint report with an account of the course of discussions. In that event the discussions in Moscow would not have been based on any unilateral communications but on an accurate statement of the positions adopted by all four Military Governors both on points already agreed between them and on points left outstanding. Since, however, the representatives of the three Governments have refused to follow that method of discussion, the Soviet Government finds it necessary to reply to the questions raised in the aide-mémoire.

"The aide-mémoire of 14th September refers to the following three questions: (1) Restrictions on communications, transport and commerce between Berlin and the Western zones; (2) the authority and functions of the financial commission, and in particular its relation to the German Bank of Emission; (3) the control of the trade of Berlin. At the same time it is asserted that the Soviet Military Governor allegedly deviated from the understanding reached on these questions in Moscow.

"The Soviet Government believes this assertion to be without foundation because during the Berlin discussions the Soviet Military Governor strictly followed the agreed directive and the clarification which had been given by the Soviet Government when it was being drawn up in Moscow. Study by the Soviet Government of all materials relating to the Berlin discussions has shown that the reason for the differences which arose during the Berlin discussions lies in the desire of the United States, the United Kingdom and the French Military Governors to interpret the directive agreed upon in Moscow in a unilateral manner and to give it an interpretation which had not been implied when it was being drawn up and which constitutes a violation of the directive, and with this the Soviet Government is unable to agree.

"2. The directive to the four Military Governors states the following in regard to the first question referred to in the aide-mémoire of 14th September; 'restrictions

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C 224539

on communications, transport and commerce between Berlin and the Western zones and on the traffic of goods to and from the Soviet zone of Germany which have recently been imposed shall be lifted.'

"The concrete proposals submitted by the Soviet Military Governor on this point are in full conformity with the directive and have for their purpose the lifting of all restrictions on communications, transport and commerce, which have been imposed after 30th March, 1948, as was stipulated when the directive was drawn up. During consideration of this question the Soviet Military Governor pointed to the necessity of the other three Military Governors complying strictly with the regulations imposed by the Control Council's decision of 30th November, 1945, on air traffic for the needs of the occupation forces and this had never been disputed by any of the Military Governors since the adoption of these regulations three years ago. There is no foundation whatsoever for regarding this justified demand of the Soviet Military Governor as an imposition of new restrictions on air traffic, because these regulations had been imposed as far back as 1945 and not after 30th March, 1948. Nevertheless, the United States Military Governor attempted to deny the necessity of observing the regulations which had been imposed by the Control Council on air traffic of the occupation forces and which remain in force to this very day.

"In view of the above, the Soviet Government believes that the position of the Soviet Military Governor on this question is absolutely correct, while the position of the United States Military Governor, far from being based on the agreed directive, is in contradiction with it. An interpretation to the contrary might lead to an arbitrary denial of any decision previously agreed upon by the Control Council, and to this the Soviet Government cannot give its assent.

"3. The directive to the Military Governors also contains a clear statement regarding the authority and functions of the Financial Commission and regarding the German Bank of Emission:

> 'The arrangements relating to the currency change-over and to the continued provision and use in Berlin of the German mark of the Soviet zone shall ensure:
>
> '(A) No discrimination or action against holders of Western marks in connexion with the exchange of those Western marks "B" issued in Berlin. These shall be accepted for exchange for German marks of the Soviet zone at the rate of one for one.
>
> '(B) Equal treatment as to currency and provision of fully accessible banking and credit facilities throughout all sectors of Berlin. The four Military Governors are charged with providing adequate safeguards to prevent the use in Berlin of the German marks of the Soviet zone from leading to disorganising currency circulation or disrupting the stability of currency in the Soviet zone of occupation.
>
> '(C) A satisfactory basis for trade between Berlin and third countries and the Western zones of Germany. Modifications of this agreed basis to be made only by agreement among the four Military Governors;
>
> '(D) The provision of sufficient currency for budgetary purposes and for occupation costs, reduced to the greatest extent possible, and also the balancing of the Berlin budget.
>
> 'The regulation of currency circulation in Berlin is to be undertaken by the German Bank of Emission of the Soviet zone through the medium of the credit establishments operating at present in Berlin.
>
> 'A financial commission of representatives of the four Military Governors shall be set up to control the practical implementation of the financial arrangements indicated above, involved in the introduction and the circulation of a single currency in Berlin.'

"This directive was drawn up in full conformity with the preliminary clarifications on this matter made by Premier J. V. Stalin on 23rd August, and referred to in the above-mentioned aide-mémoire.

"It will be seen from the above text that the authority and functions of the Financial Commission and of the German Bank of Emission are precisely laid down in the directive, and it was by this that the Soviet Military Governor was guided. According to that directive and to the understanding reached in Moscow by the four Powers, the Financial Commission should not exercise control over all operations of the Bank of Emission in regard to Berlin, but only over those operations

C 22[illegible]0

of the Bank of Emission in Berlin which are specifically provided for in paragraphs (A), (B), (C), and (D) of the directive. The proposal to establish control of the Financial Commission over the whole activity of the German Bank of Emission in Berlin was not accepted during the discussion of this question in Moscow because this would have led to such interference on the part of the Financial Commission in matters of the regulation of currency circulation as is incompatible with the Soviet administration's responsibility for the regulation of currency circulation in the Soviet zone of occupation.

"Accordingly, the Soviet Government cannot agree to the incorrect interpretation of the agreed directive given in the aide-mémoire of the Governments of France, the United Kingdom and the United States of America, and believes it necessary that the directive should be strictly followed.

"4. As to trade, the previously agreed directive is confined to an instruction to the Military Governors to work out a satisfactory basis for trade between Berlin and third countries and the Western zone of Germany. It will be recalled that on 23rd August, during the discussions in Moscow, the Soviet Government submitted a definite proposal on this subject, but the question was not considered in detail and was referred to the Military Governors for discussion.

"The proposals on this subject made by the Soviet Military Governor give no reason to assert that they are a contradiction of the spirit and meaning of the agreed directive. On the contrary, the intention of those proposals is to have the directive fulfilled in accordance with the agreements reached in Moscow.

"However, for the purpose of expediting the drawing up of practical arrangements in Berlin the Soviet Government proposes that the Military Governors be given more detailed instructions on this matter than those contained in the agreed directive. The Soviet Government agrees to have trade between Berlin and third countries and the Western zones of Germany placed under the control of the quadripartite Financial Commission, which control should provide at the same time for the maintenance of the existing procedure regarding the traffic of goods in and out of Berlin under licence of the Soviet Military Administration. The Soviet Government believes that such an instruction would be of help in the drawing up of a concrete agreement on matters of trade with Berlin.

"5. The Soviet Government believes that discussions between the Military Governors in Berlin can yield positive results only in the event that all the Military Governors follow strictly the directives and instructions agreed between the Governments of France, the United Kingdom, the United States and the Union of Socialist Soviet Republics."

ANNEX X

IDENTIC NOTES FROM THE GOVERNMENTS OF THE UNITED KINGDOM, UNITED STATES AND THE FRENCH REPUBLIC ADDRESSED TO THE GOVERNMENT OF THE UNION OF SOCIALIST SOVIET REPUBLICS, DATED 22ND SEPTEMBER, 1948.

"1. The Government of the United States,* together with the Governments of France and the United Kingdom, has now reviewed the discussions which have taken place on the Berlin situation and which have culminated in the Soviet reply of the 18th September to the aide-mémoire of the three Governments of the 14th September, 1948.

"2. The three Governments find that the Soviet unwillingness to accept previous agreements, to which reference is made in their aide-mémoire of the 14th September is still preventing a settlement. The reply of the Soviet Government in its aide-mémoire of the 18th September is unsatisfactory.

"3. The final position of the three Governments on the specific points at issue is as follows:

(*a*) They cannot accept the imposition of any restrictions on air traffic between Berlin and the Western zones.

(*b*) They insist that the Finance Commission must control the activities of the German Bank of Emission of the Soviet zone in so far as they relate to the financial arrangements for the introduction and continued use of the Soviet zone mark as the sole currency in the City of Berlin.

(*c*) They insist that trade between Berlin and the Western zone and other countries must be under quadripartite control including the issuance of licences.

* The notes of His Majesty's Government in the United Kingdom, and of the Government of the French Republic were phrased in identic terms.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RÉLIURE TROP RIGIDE

C 224541

"4. After more than six weeks of discussion, the Governments of the United States, the United Kingdom and France feel that the Soviet Government is now fully acquainted with the position of the three Governments, and that further discussions on the present basis would be useless.

"5. It is clear that the difficulties that have arisen in the attempts to arrive at practical arrangements which would restore normal conditions in Berlin derive not from technical matters but from a fundamental difference of views between the Governments of the United States, the United Kingdom and France and the Soviet Government as to the rights and obligations of the occupying Powers in Berlin, their right to have access by air, rail, water and road to Berlin and to participate in the administration of the affairs of the City of Berlin. The blockade imposed by the Soviet authorities together with other of their acts in Berlin are in violation of the rights of the three Western Occupying Powers.

"6. Accordingly, the Government of the United States in agreement with the Governments of France and the United Kingdom asks the Soviet Government whether in order to create conditions which would permit a continuance of discussions, it is now prepared to remove the blockade measures, thus restoring the right of the three Western Occupying Powers to free communications by rail, water, and road, and to specify the date on which this will be done.

"7. The Foreign Ministers of the three Governments will be meeting shortly in Paris, and they will be glad to have the reply of the Soviet Government as soon as possible."

ANNEX XI

IDENTIC NOTE OF THE GOVERNMENT OF THE UNION OF SOCIALIST SOVIET REPUBLICS, ADDRESSED TO THE GOVERNMENTS OF THE UNITED STATES, UNITED KINGDOM AND FRANCE, DATED 25TH SEPTEMBER, 1948.

(Unofficial Translation)

"The Ambassador of the Union of Socialist Soviet Republics presents his compliments to the Acting Secretary of State of the United States* and has the honour, under instructions of the Soviet Government, to communicate the following.

"The Government of the Union of Socialist Soviet Republics has acquainted itself with the note of the Government of the United States of America of 22nd September, 1948, concerning negotiations of the four Powers which have taken place in Moscow and Berlin on the question of the introduction of the German mark of the Soviet Zone as the sole currency in Berlin and concerning the removal of the restrictions on communications, transport and trade between Berlin and the Western Zones of Germany.

"In connection with this the Soviet Government considers it necessary to declare that the position taken by the Government of the United States of America not only does not facilitate but on the contrary complicates the reaching of agreement concerning the settlement of the situation which has arisen in Berlin as a result of carrying out of a separate currency reform and the introduction of a separate currency in the Western zones of Germany and in the Western sectors of Berlin, which constituted an extreme and most far-reaching measure in execution of the policy of partitioning Germany being carried out by the Governments of the United States of America, Great Britain and France.

"In its note the Government of the United States of America refers to three disputed questions which were mentioned by the Governments of the United States of America, Great Britain and France in the Aide-Mémoire of 15th September and by the Government of the Union of Socialist Soviet Republics in the Aide-Mémoire of 18th September, 1948.

"The Government of the United States of America states that the continuation of the negotiations on the above-mentioned questions on the present basis would be useless and considers that in order to create the conditions which would permit a continuation of the negotiations, there would have to be a removal of the temporary transport restrictions between Berlin and the Western zones which were introduced by

* Notes to His Majesty's Government in the United Kingdom and to the Government of the French Republic were phrased in identic terms.

C224542

the Soviet Command for the purpose of protecting the interests of the German population as well as the economy of the Soviet zone of occupation and of Berlin itself.

"Such a statement of the Government of the United States of America is in direct conflict with the agreements reached on 30th August in Moscow between the four Governments (the directive to the Military Governors), in which it was stated:

> "The Governments of France, the United Kingdom, the United States, and the Union of Socialist Soviet Republics have decided that subject to agreement being reached among the four Military Governors in Berlin for their practical implementation, the following steps shall be taken simultaneously:
>
> "(A) Restrictions on communications, transport and commerce between Berlin and the Western zones, and also on the movement of freight to and from the Soviet zone of Germany which have recently been imposed, shall be lifted.
>
> "(B) The German mark of the Soviet zone shall be introduced as the sole currency for Berlin, and the Western mark B shall be withdrawn from circulation in Berlin.

"From the text of the Agreement cited above it is evident that the four Governments agreed during the negotiations in Moscow on the simultaneous lifting of restrictions on trade and communications between Berlin and the western zones and introduction of the German mark of the Soviet zone as the sole currency in Berlin. The Soviet Government insists on this, since the situation created by the separated measures of the Western Powers means that the three Governments are not limiting themselves to their sovereign administration of the Western zones of Germany but wish at the same time to administer in currency and financial matters the Soviet zone of occupation as well, by means of introducing into Berlin, which is in the centre of the Soviet zone, their separate currency and thus disrupting the economy of the eastern zone of Germany and in the last analysis forcing the Union of Socialist Soviet Republics to withdraw therefrom.

"The Soviet Government considers it necessary that the agreement reached in Moscow be carried out and considers that further negotiations can be successful only in the event that the other three Governments likewise observe that agreement. If the Government of the United States of America repudiates the agreement reached on 30th August, only one conclusion can be drawn therefrom: namely that the Government of the United States of America does not wish any agreement between the Union of Socialist Soviet Republics, the United States of America, Great Britain and France for the settlement of the situation in Berlin.

"In as much as the position of the Governments of the United States of America, Great Britain and France on the three disputed points was set forth in the note of 22nd September, the Soviet Government considers it necessary to do likewise.

> "(A) As regards air communication between Berlin and the Western zones, the establishment by the Soviet Command of a control over the transport of commercial freight and passengers is just as necessary in this case as in the case of rail, water and highway transport. The air routes cannot remain uncontrolled, since an understanding has been reached between the four Governments to the effect that the agreement must envisage the establishment of a corresponding control over currency circulation in Berlin and the trade of Berlin with the Western zones.
>
> "(B) In the directive to the Military Governors adopted by the four Governments on 30th August the functions of control by the Four-Power Financial Commission of the execution of measures connected with the introduction and circulation of a single currency in Berlin were explicitly provided for.

"The Soviet Government considers it necessary that this agreement be carried out, including the maximum reduction of occupation costs in Berlin and the establishment of a balanced budget in Berlin (not considered up to this time in the Berlin conversations), which were provided for in that agreement.

> "(C) The Soviet Government has already expressed its agreement that trade between Berlin, third countries and the Western zones of Germany should be placed under the control of the Four-Power Financial Commission. The Soviet Government now declares its readiness to agree to the establishment of Four-Power control likewise over the issuance of import and export licences, provided agreement is reached on all other questions.

"Thus the reaching of agreement about the situation in Berlin now depends above all on whether the Governments of Great Britain, the United States of America and France are seeking such agreement."

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224543

ANNEX XII

IDENTIC NOTES FROM THE GOVERNMENTS OF FRANCE, THE UNITED KINGDOM AND THE UNITED STATES TO THE SOVIET GOVERNMENT DATED 26TH/27TH SEPTEMBER, 1948*

1. The Governments of the United States, France and the United Kingdom, conscious of their obligations under the Charter of the United Nations to settle disputes by peaceful means, took the initiative on 30th July, 1948, in approaching the Soviet Government for informal discussions in Moscow in order to explore every possibility of adjusting a dangerous situation which had arisen by reason of measures taken by the Soviet Government directly challenging the rights of the other occupying powers in Berlin. These measures, persistently pursued, amounted to a blockade of land and water transport and communication between the western zones of Germany and Berlin which not only endangered the maintenance of the forces of occupation of the United States, France and the United Kingdom in that City but also jeopardised the discharge by those Governments of their duties as occupying Powers through the threat of starvation, disease and economic ruin for the population of Berlin.

2. The Governments of the United States, France and the United Kingdom have explicitly maintained the position that they could accept no arrangement which would deny or impair the rights in Berlin acquired by them through the defeat and unconditional surrender of Germany and by Four-Power agreements. They were, however, willing to work out in good faith any practical arrangements, consistent with their rights and duties, for restoring to normal the situation in Berlin, including the problems presented by the existence of two currencies in that City.

3. After long and patient discussion, agreement was arrived at in Moscow on a directive to the four Military Governors under which the restrictive measures placed by the Soviet Military Government upon transport and communications between the Western zones and Berlin would be lifted simultaneously with the introduction of the German mark of the Soviet zone as the sole currency for Berlin under Four-Power control of its issue and continued use in Berlin.

4. In connection with the lifting of restrictions and the maintenance of freedom of communication and the transport of persons and goods between Berlin and the Western zones, the agreed directive provided that restrictions recently imposed should be lifted. Generalissimo Stalin during the discussions personally confirmed that this meant the removal also of any restrictions imposed prior to 18th June, 1948.

In connexion with the currency situation in Berlin, the Soviet authorities insisted that the German mark of the Soviet zone be accepted as the sole currency for Berlin. The three Western Occupying Powers declared that they were ready to withdraw from circulation in Berlin the western mark "B" issued in that City and to accept the German mark of the Soviet zone subject to Four-Power control over its issuance, circulation and continued use in Berlin (i.e. in Berlin only and not in the Soviet zone). After long discussions Generalissimo Stalin, on 23rd August, 1948, personally agreed to this Four-Power control and himself proposed the establishment of a Four-Power Financial Commission which would control the practical implementation of the financial arrangements involved in the introduction and continued circulation of a single currency in Berlin and which, Generalissimo Stalin specifically stated, would have the power to control the German Bank of Emission of the Soviet zone in so far as its operations with respect to Berlin were concerned.

5. It was with these understandings, personally confirmed by Generalissimo Stalin, that the agreed directive was sent to the four Military Governors in Berlin to work out the technical arrangements necessary to put it into effect.

6. Despite these clear understandings, the Soviet Military Governor soon made it plain in the discussions held by the four Military Governors in Berlin that he was not prepared to abide by the agreed directive.

Although the directive called for the unqualified lifting of the restrictions on transport and communications between the Western zones and Berlin, the Soviet Military Governor failed to comply. What is more he demanded that restrictions should be imposed on air traffic. He endeavoured to support his demand by a false interpretation of a decision of the Control Council of 30th November, 1945. Actually,

* The note of the United States Government was delivered on 26th September. The notes of His Majesty's Government in the United Kingdom and of the Government of the French Republic were delivered on 27th September.

C224544

during the discussions leading up to the decision of the Control Council of November, 1945, to establish air corridors, the Soviet military authorities in Berlin had suggested that the traffic in the corridors should be limited to the needs of the military forces. Neither the Control Council, however, nor any other Four-Power body accepted this proposal and the traffic in the corridors has since been subject only to those safety regulations which were agreed on a Four-Power basis other than these agreed safety regulations, no restrictions whatsoever have been or are in existence on the use by aircraft of the Occupying Powers of air communications in the corridors between Berlin and the Western zones of Germany.

In regard to Four-Power control of the German mark of the Soviet zone in Berlin, the Soviet Military Governor refused to admit, despite the agreement in Moscow, that the Financial Commission should exercise control over the operations with respect to Berlin of the German Bank of Emission of the Soviet zone.

Furthermore, with respect to the question of the control of the trade of Berlin, the position of the Soviet Military Governor amounted to a claim for exclusive Soviet authority over the trade of Berlin with the Western zones of occupation and with foreign countries. This claim was a contradiction of the clear meaning of the agreed directive to the four Military Governors.

7. Even while discussions were in progress, the Soviet authorities in Berlin tolerated attempts on the part of minority groups sympathetic to their political aims forcibly to overthrow the legal government of the City of Berlin, constituted by democratic elections held under Four-Power supervision. On 30th August the representatives of the three Western Occupying Powers in Moscow had drawn M. Molotov's attention to the disturbed situation in Berlin. They suggested that instructions should be sent to the four Military Governors that they should do all in their power to preserve a favourable atmosphere in Berlin, but M. Molotov claimed that such instructions to the Soviet Military Governor were unnecessary. Nevertheless, after that date these attempts to overthrow the City Government increased in violence.

8. On 14th September, 1948, the representatives of the Governments of the United States, France and the United Kingdom, acting on specific instructions, called the attention of the Soviet Government to the Soviet Military Governor's disregard of the agreements reached during the Moscow discussions and requested that he be instructed to give effect to them.

9. The Soviet Government's reply of 18th September, however, upheld the Soviet Military Governor's position. The Soviet Government further confirmed its intention to disregard its commitment to lift the restrictions imposed on transport and communications by seeking to impose restrictions which had not before been in effect.

With respect to trade, the Soviet requirement that the licensing of trade with Berlin be placed in the hands of the Soviet military authorities made plain the Soviet Government's intention to obtain exclusive control over the trade of Berlin.

As regards the powers of the Four-Power Financial Commission, the Soviet reply asserted that the Western Occupying Powers desired to establish control over all operations of the German Bank of Emission. In fact the United States, the United Kingdom and French Military Governors sought only to secure the Soviet Military Governor's acceptance of the agreed principle that the Four-Power Financial Commission should control the operations of the Bank with respect to the financial arrangements relating to the currency change-over and to the continued provision and use of the German mark of the Soviet zone in the City of Berlin (i.e., in Berlin only and not in the Soviet zone). In the light of M. Molotov's statements during the discussion of the Soviet reply, it became clear that no assurance was given that the Soviet Military Governor would be prepared to proceed on the previously agreed basis. Thus in this matter, as in others, the intention of the Soviet Government was manifestly to impose conditions nullifying the authority of the Western Occupying Powers and to acquire complete control over the City of Berlin.

10. For the Governments of the United Kingdom, the United States and France to continue discussions when fundamental agreements previously reached had been disregarded by the Soviet Government would have been futile. It would have been equally fruitless to continue such discussions in the face of the unmistakable intention of the Soviet Government to undermine, and indeed to destroy, the rights of the three Governments as Occupying Powers in Berlin as a price for lifting the blockade, illegally imposed in the first instance and still unlawfully maintained. The three Governments therefore despatched identic notes on 22nd September to the Soviet Government. In those notes after restating their position on the specific points

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224545

at issue they asked the Soviet Government whether it was prepared to remove the blockade measures which it had imposed and thereby to establish conditions which would permit a continuation of discussions.

11. The reply of the Soviet Government in its notes to the three Governments of the 25th September, 1948, is unsatisfactory.

As regard the introduction and continued circulation and use in Berlin of the German mark of the Soviet zone, the Soviet Government misrepresents the position of the three Western Occupying Powers. The latter have made it clear from the outset that they do not desire to exercise any control over the financial arrangements in the Soviet zone of occupation, but are insisting on those conditions only which would provide adequate Four-Power control over the financial arrangements for the introduction and continued circulation and use of the German Mark of the Soviet zone as the sole currency in Berlin.

As regards control of the trade of Berlin the Soviet Government contrary to its previous attitude now states its willingness to agree to the establishment of four-power control over the issuance of licences for the import and export of goods provided that agreement is reached on all other questions. It is clear, after more than six weeks of discussions, from the Soviet Government's persistent refusal to remove the blockade measures and its continued insistence on other conditions which would enable it to destroy the authority and rights of the United Kingdom, the United States and France as occupying powers in Berlin that this conditional concession is illusory.

As regards air traffic between Berlin and the Western zones of occupation, the Soviet Government, while neither affirming nor withdrawing the demand for the particular restrictions put forward by the Soviet Military Governor during the discussions in Berlin and confirmed in its reply of 18th September introduces another requirement to the effect that transport by air of commercial freight and passengers must be placed under the control of the Soviet Command.

The Soviet Government's note of 25th September therefore not only ignores the request of the three Governments that the blockade measures should be removed in order that conditions may be established which would permit the continuation of discussions. It also seeks to impose restrictions on transport and communications between Berlin and the Western zones which would place the maintenance of the forces of occupation of the three Western Occupying Powers and the whole life of the Berlin population within the arbitrary power of the Soviet Command, thus enabling the Soviet military authorities to reimpose the blockade at any moment in the future if they so desired.

12. Accordingly it is apparent that the Soviet Government had no intention of carrying out the undertakings to which it had subscribed during the Moscow discussions in August. In the face of the expressed readiness of the Governments of the United States, the United Kingdom and France to negotiate with the Soviet Government all outstanding questions regarding Berlin and Germany as a whole in an atmosphere free from duress, the Soviet Government has, in fact, persisted in using duress. It has resorted to acts of force rather than to the processes of peaceful settlement. It has imposed and maintained illegal restrictions amounting to a blockade of Berlin. It has failed to work out in good faith Four-Power arrangements for the control of the currency of that City. Even while the Western Occupying Powers were seeking agreement on measures to implement the understandings reached in Moscow, the Soviet military authorities condoned and encouraged attempts to overthrow the legally constituted municipal government of Berlin. These actions are plainly attempts to nullify unilaterally the rights of the Western Occupying Powers in Berlin, which are co-equal with those of the Soviet Union and like them are derived from the defeat and unconditional surrender of Germany and from Four-Power agreements to which the Soviet Government is a party. Moreover, the use of coercive pressure against the Western Occupying Powers is a clear violation of the principles of the Charter of the United Nations.

13. The issue between the Soviet Government and the Western Occupying Powers is therefore not that of technical difficulties in communications nor that of reaching agreement upon the conditions for the regulation of the currency for Berlin. The issue is that the Soviet Government has clearly shown by its actions that it is attempting by illegal and coercive measures in disregard of its obligations to secure political objectives to which it is not entitled and which it could not achieve by peaceful means. It has resorted to blockade measures; it has threatened the Berlin population with starvation, disease and economic ruin; it has tolerated disorders and attempted to overthrow the duly elected municipal government of Berlin. The attitude and conduct of the Soviet Government reveal sharply its purpose to continue its illegal and coercive

C224546

blockade and its unlawful actions designed to reduce the status of the United States, the United Kingdom and France as occupying powers in Berlin to one of complete subordination to Soviet rule, and thus to obtain absolute authority over the economic, political and social life of the people of Berlin, and to incorporate the City in the Soviet zone.

14. The Soviet Government has thereby taken upon itself sole responsibility for creating a situation, in which further recourse to the means of settlement prescribed in Article 33 of the Charter of the Nations is not, in existing circumstances, possible, and which constitutes a threat to international peace and security. In order that international peace and security may not be further endangered the Governments of the United States, the United Kingdom and France, therefore, while reserving to themselves full rights to take such measures as may be necessary to maintain in these circumstances their position in Berlin, find themselves obliged to refer the action of the Soviet Government to the Security Council of the United Nations.

(62954) Wt. 1281—186 10/48 D.L.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224547

LONDON
PRINTED AND PUBLISHED BY HIS MAJESTY'S STATIONERY OFFICE
To be purchased directly from H.M. Stationery Office at the following addresses:
York House, Kingsway, London, W.C.2; 13a Castle Street, Edinburgh, 2;
39-41 King Street, Manchester, 2; 1 St. Andrew's Crescent, Cardiff;
Tower Lane, Bristol, 1; 80 Chichester Street, Belfast
OR THROUGH ANY BOOKSELLER
1948
Price 1*s.* 0*d.* net

C224548

SECRET

P.M.M. (48) 11

18*th October*, 1948

MEETING OF PRIME MINISTERS

CEYLON'S APPLICATION FOR MEMBERSHIP OF THE UNITED NATIONS ORGANISATION

MEMORANDUM BY THE PRIME MINISTER OF THE UNITED KINGDOM

THE Prime Minister of Ceylon has asked that in view of the present very unsatisfactory position with regard to Ceylon's application for membership of the United Nations, we should agree to the issue of a declaration from our meetings on the following lines :—

> "The Prime Ministers of the British Commonwealth of Nations have taken note of the constitutional documents published by the Ceylon Government in Ceylon Sessional Paper XXII of 1947 under the title 'The Independence of Ceylon' and in Ceylon Sessional Paper III of 1948 under the title 'The Constitution of Ceylon.' They affirm that Ceylon is an autonomous country within the British Commonwealth, in no way subordinate to any other in any aspect of its domestic or external affairs, and enjoying the same status of independence as the other nations of the British Commonwealth."

C. R. ATTLEE.

10 *Downing Street, S.W.* 1,
18*th October*, 1948.

36014—1

11

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224549

SECRET

P.M.M. (48) 12
18*th October*, 1948

MEETING OF PRIME MINISTERS

CEYLON'S APPLICATION FOR MEMBERSHIP OF THE UNITED NATIONS ORGANISATION

Memorandum by the Prime Minister of Ceylon

1. The Prime Ministers and Representatives of the Commonwealth countries attending the Prime Ministers' Meetings will have seen the memorandum circulated by the Prime Minister of the United Kingdom (P.M.M. (48) 11) regarding my suggestion that a declaration should be issued as to Ceylon's constitutional status, in order to assist the Ceylon Government in connection with Ceylon's application for membership of the United Nations.

2. I wish to draw the attention of my colleagues to the very unsatisfactory position which now prevails with regard to our application.

3. The position is that we applied to the Secretary-General of the United Nations on 25th May for admission to membership with the necessary declarations as required by the Charter. We had our representative in Lake Success in attendance throughout the discussion of our application both by the Membership Committee of the Security Council and by the Security Council itself. Our representative was not invited to furnish any information as to the fitness of Ceylon for admission. He had, however, furnished by circular memorandum such information as he thought might be useful to the members when considering Ceylon's application. We understand that the Soviet representative on the Security Council vetoed the application of Ceylon on the ground that he was not satisfied as to Ceylon's independence. In accordance with the procedure for admission of new members, the application is now before the General Assembly of the United Nations, but it seems unlikely, in view of the Soviet veto, that the present application would normally prove successful.

4. I feel sure that my colleagues will realise how strong my feelings are on this question and how important it is that my country should not feel that in some way their membership of the British Commonwealth of Nations has prevented the success of their application to join the United Nations Organisation. In these circumstances, I have been considering what further step might be taken in order to overcome the present difficulty.

5. I now see that the Argentine Government are proposing to raise in the United Nations the suggestion that those countries whose applications for membership of the United Nations Organisation have received seven supporting votes in the Security Council should now be admitted to membership. I understand that certain serious legal disadvantages are seen against this resolution, but as it at least seems to provide a practical method by which Ceylon could secure membership, I am convinced that opposition to the Argentine proposal by the Commonwealth Governments would be seriously misunderstood by public opinion in my country.

6. In these circumstances I should be grateful if my colleagues would consider carefully whether they could not see their way to support the Argentine proposal, despite the objections to it, or, alternatively, whether they can take any other action which would result in the admission of Ceylon to the United Nations.

D. S. SENANAYAKE.

London,
18*th October*, 1948.

36014–2

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224550

C224551

SECRET

P.M.M. (48) 13

18*th October*, 1948

COMMONWEALTH CONSULTATION

NOTE BY THE SECRETARY OF THE CONFERENCE

AT their meeting this afternoon Ministers asked that officials of the various Delegations should meet to draw up for their consideration a detailed statement of the suggestions made in their discussion for improving the existing methods of consultation between Commonwealth Governments.

I attach, for the consideration of Ministers, a statement which I have prepared after consultation with officials of all the Delegations.

(Signed) NORMAN BROOK,
Secretary.

Cabinet Office, S.W. 1,
18*th October*, 1948.

COMMONWEALTH CONSULTATION

1. Decisions binding Commonwealth Governments must be taken by those Governments themselves, and formal consultation on specific issues must therefore be held between Governments. The Commonwealth Relations Office will continue to be the normal channel of communication between the United Kingdom Government and other Commonwealth Governments for the purpose of these formal consultations.

There is, however, need for less formal exchanges of information and views on matters of common interest to all, or some, of the Commonwealth countries in order to give the background knowledge against which decisions on specific issues will be taken by Governments. This can be secured by the following methods.

Meetings of Commonwealth Prime Ministers

2. Meetings of Commonwealth Prime Ministers will be held as often as possible. In normal times the aim should be to hold such meetings every two or three years. All Commonwealth Governments should be represented at these meetings.

Foreign Affairs

3. Each of the self-governing members of the Commonwealth reserves its right to form its independent judgment on issues of foreign policy. But members of the Commonwealth group have many common interests in international affairs, and it is desirable that each should form its judgments on foreign policy with full knowledge of the views and interests of the other members. All Commonwealth Governments should therefore make their views known to one another at a sufficiently early stage to ensure that they can be taken into account in the formulation of policy.

4. Commonwealth meetings on foreign affairs at the Ministerial level should be held more frequently than Prime Ministers' meetings, possibly twice a year. Travelling could be reduced if one of these meetings were held near the time of a

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

meeting of the United Nations Assembly. The other could be held in one or other of the Commonwealth countries, chosen according to circumstances. Such meetings should not be abandoned merely because one or two Commonwealth Governments cannot be represented at the time convenient to the others.

5. Between these meetings Commonwealth High Commissioners and their staffs should maintain close and regular contact with the Ministers and senior officials concerned with the formulation of foreign policy in the capitals to which they are accredited.

To facilitate this, the United Kingdom Government have provided or will provide the following facilities in London :—

(*a*) Commonwealth High Commissioners in London have the right of direct access to the Foreign Secretary. Meetings between the Foreign Secretary and particular High Commissioners will be held more frequently. Meetings between the Foreign Secretary and two or more High Commissioners will also be arranged from time to time, as occasion requires, for the discussion of matters of common interest.

(*b*) Political Secretaries (or comparable officials) attached to the staffs of Commonwealth High Commissioners in London are invited to make full use of their right of direct access to the Foreign Office. The Foreign Office will also invite these officials to come, individually or in groups, to discuss matters on which the Foreign Office desire informal discussion with representatives of other Commonwealth Governments.

(*c*) The Commonwealth Relations Office will be kept generally informed of exchanges made in these direct contacts between Commonwealth High Commissioners (and their staffs) and the Foreign Office.

6. Other Commonwealth Governments will endeavour to make comparable arrangements in their capitals.

Economic Affairs

7. In economic affairs also, decisions on specific issues are for Governments and nothing can displace formal consultation from Government to Government when that is required. But there is also need for an exchange of information and views so that all Commonwealth Governments in framing their economic policies can do so with the fullest possible knowledge and understanding of the needs and intentions of other Commonwealth Governments.

8. Meetings on economic questions of common concern should be held at the Ministerial level, as required and practicable. Where a particular problem directly concerns only some of the Commonwealth countries, the meetings might be confined to representatives of those countries. These meetings should be held in the most appropriate Commonwealth country.

9. Closer contact should be maintained between the Departments in London dealing with financial and economic matters and the senior economic officials of other Commonwealth Governments. These contacts should not be made only in London : members of the Departments dealing with financial and economic matters in the United Kingdom should themselves visit other Commonwealth countries.

10. Problems concerning only two Commonwealth countries should similarly be handled by discussion as appropriate. Formal machinery for the discussion of economic questions of common concern can be established where necessary—*cf.* the new Anglo-Canadian Economic Committee. In the main, however, it should suffice to leave such bilateral meetings to be arranged as occasion requires, without establishing any formal machinery for that purpose.

11. These meetings (of Commonwealth Ministers and their senior economic officials) should be supplemented by a regular flow of information on economic subjects. This economic reporting between the various countries of the Commonwealth would be stimulated by the establishment of a central focus for the exchange of economic information. Present circumstances seem to call for the establishment in London of a Committee which could serve as a clearing-house through which the economic officials attached to the Commonwealth High Commissioners could maintain direct and regular contact with officials of the economic Departments of the United Kingdom Government.

For this purpose the existing Commonwealth Liaison Committee for the European Recovery Programme might, under the title "Commonwealth

Committee for the Exchange of Economic Information," serve as a focus for the exchange of information between Commonwealth countries on all economic questions of common interest, thus providing a basis for more informed consultation between Governments on these matters.

This Committee comprises representatives of all Commonwealth countries (officials attached to the staffs of the various High Commissioners in London). On the United Kingdom side, the Treasury, Board of Trade, Foreign Office, Commonwealth Relations Office and Colonial Office are regularly represented, and representatives of other United Kingdom Departments are brought into consultation as required.

The Sterling Area Statistical Committee could become a sub-committee of this Committee.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224554

SECRET

P.M.M. (48) 14

19*th October*, 1948.

MEETING OF PRIME MINISTERS

STATUS OF HIGH COMMISSIONERS

NOTE BY THE SECRETARY OF THE CONFERENCE

I circulate herewith, for consideration by Ministers, the report of the Committee of High Commissioners and officials which was appointed at the morning meeting on 18th October (P.M.M. (48) 7th Meeting, Minute 2) to consider the status of High Commissioners.

A summary of the recommendations in the report is contained in paragraph 4 on page 3.

(Signed) NORMAN BROOK,
Secretary.

Cabinet Office, S.W. 1,
19*th October*, 1948.

STATUS OF HIGH COMMISSIONERS

REPORT OF THE COMMITTEE OF HIGH COMMISSIONERS AND OFFICIALS

We were invited by the Prime Minister's Meeting to consider certain questions in connection with the status of High Commissioners in the light of—

(*a*) a note by the Prime Minister of the United Kingdom circulated as P.M.M. (48) 9 dated 13th October, 1948;

(*b*) the discussions in the Prime Ministers' Meeting on 18th October (P.M.M. (48) 7th and 8th Meetings).

2. Our discussions were attended by the High Commissioners for Australia, South Africa and Ceylon, and by representatives of Canada (Mr. Pickersgill and Mr. Leger), Australia (Mr. Oldham), New Zealand (Mr. McIntosh), India (Sir Girja Bajpai) and Pakistan (Mr. Mohammad Ali).

3. After full discussion we reached the following conclusions, which are submitted for consideration. Our recommendations are unanimous, save where otherwise shown—

(i) All Commonwealth Governments should agree that for purposes of precedence High Commissioners should rank with Foreign Ambassadors. The practical application of this principle should be for each Government to decide, but the Committee felt that it would be desirable to have the maximum degree of uniformity in the practice of Commonwealth Governments.

(ii) The Committee took note that the United Kingdom Government, as at present advised, proposed to treat High Commissioners and Ambassadors as separate groups on a footing of equality, and at functions where both Ambassadors and High Commissioners were present as a body to adopt a system of interleaving.

(iii) The general sense of the Committee was, however, strongly that unless decisive objection on technical grounds was seen by the Foreign Office, it would be preferable no longer to treat High Commissioners and Ambassadors as separate groups. Such a distinction accentuated in the eyes of foreigners the differences between Commonwealth and Foreign diplomatic representatives, and it was not consistent with the equality of status with Ambassadors which it was now proposed to secure for High Commissioners.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

(iv) It was agreed that there was no good reason why a High Commissioner should not become the doyen of the Diplomatic Corps, but that it was unnecessary to press the point. The general sense of the Committee was that at functions where both Ambassadors and High Commissioners were present as a body, and indeed generally, while they would not object to the diplomatic doyen of the Diplomatic Corps continuing to take precedence over other Ambassadors or High Commissioners, Ambassadors and High Commissioners should otherwise rank *inter se* strictly according to date of appointment. This recommendation, if accepted, would make it unnecessary to devise a special system for "interleaving" Ambassadors and High Commissioners.

(v) As regards precedence of High Commissioners *inter se* the Committee considered that precedence should in future be governed not, as at present, by seniority of countries, but by date of appointment. It was recognised that this would result in the United Kingdom representative no longer occupying first place in the order of precedence among High Commissioners in Commonwealth countries. The representative of Canada indicated that his Government would be prepared to abandon the present arrangement under which precedence was governed by seniority of Commonwealth countries if the United Kingdom and other Commonwealth countries did the same.

(vi) *Title of Excellency.*—The representatives of Canada, New Zealand and South Africa felt that in the circumstances of their respective countries, the title was open to misunderstanding. The remaining Commonwealth representatives present were in favour of its adoption. There was general agreement that a High Commissioner should have this style in countries in which it was given to Ambassadors. Subject to this, it was agreed that the matter was one for each Government to decide as it thought fit.

(vii) *Precedence of visiting Cabinet Ministers.*—The Committee accepted the proposals on this subject contained in (6) of Mr. Attlee's paper of 13th October (P.M.M. (48) 9).

(viii) *Title.*—The Committee considered in detail various alternatives to the title "High Commissioner." The view was strongly expressed by some representatives that the title was no longer appropriate to a Commonwealth representative, and that an alternative to it, which would more clearly mark the sovereign status of Commonwealth countries and which would not have misleading and outmoded associations, should be found. Much difficulty was, however, experienced in finding any generally acceptable alternative. "Minister of State" would be open to misunderstanding and lead to confusion in certain Commonwealth countries. "Envoy-General" met with no support. "Envoy Extraordinary and Plenipotentiary" was regarded as cumbrous, and did not otherwise find favour on merits.

The general sense of the majority of the Committee was that if the title "High Commissioner" were to be abandoned, "Ambassador," despite the arguments against it, was the only possible substitute.

Arguments for and against the title "Ambassador"

Against adopting "Ambasasdor" the following arguments were advanced—

(*a*) Was it not desirable to mark the family character, and the greater intimacy and in some respects informality of the relations between Commonwealth countries by retaining the long-established title of High Commissioner and avoiding a title traditionally reserved to foreign representatives?

(*b*) The well-settled tradition was that Ambassadors were representatives of a Sovereign or other Head of State, while High Commissioners represented a Government.

(*c*) Was there not some difference in practice between the relations of a United Kingdom representative with a Commonwealth Government and those of foreign representatives? Surely his contacts both in nature and extent were closer, more intimate and more extensive? Could it seriously be maintained that the ordinary Foreign Ambassador in a Commonwealth country bore anything like the same relation or was in the same intimate confidence as a United Kingdom representative?

(*d*) The functions of Ambassadors and High Commissioners were not necessarily identical.

(*e*) Would not any misuderstandings that might now exist as to the true position of High Commissioners be removed by the proposed raising of their status to that of Ambassador?

In favour of "Ambassador" it was urged that—

(*a*) It constituted a recognition of the sovereign and independent character of Commonwealth countries. Now that steps were being taken to place those representatives on a position of equality in other respects with Foreign Ambassadors, there was less reason for continuing to draw this distinction.

(*b*) "Ambassador" was a well understood title carrying greater prestige than the title "High Commissioner" with its misleading associations, and was better understood by the public.

(*c*) There might in the past have been a substantial difference between the functions discharged by the United Kingdom High Commissioners and those of Ambassadors. This was, however, rapidly ceasing to be the case.

(*d*) Nor was there any difference in practice between the relations of Commonwealth countries with the representatives of other Commonwealth countries and their relations with the representatives of certain foreign countries with which they had close association.

(*e*) In the case of Ceylon, it might be of real importance politically to Ceylon's international position that the change should be made.

(*f*) Adoption of "Ambassador" would dispose of all difficulties in connection with the personal status and precedence of United Kingdom representatives.

The representatives of Australia, South Africa, Pakistan and Ceylon favoured the change. The Canadian representative intimated that his Government appreciated that there were important arguments on both sides, and were doubtful if the present was the right moment for the change. The representatives of New Zealand and India were against any change.

No agreed recommendation could be made on this important issue, and it was reserved for consideration by Ministers.

(ix) *Accrediting of High Commissioners.*—The Committee did not recommend the adoption of a procedure by which High Commissioners would be accredited by The King: they felt, however, that consideration should be given to the question of some form of credentials, since this might affect the readiness of the Diplomatic Corps to accept High Commissioners in their body.

4. *Summary of Recommendations*

(1) High Commissioners should rank with Foreign Ambassadors for purposes of precedence. (Section 3 (i).)

(2) The practical application of this principle would be for each Commonwealth Government to determine, but the maximum degree of uniformity between Commonwealth Governments should be aimed at. (Section 3 (i).)

(3) The practice of treating High Commissioners and Ambassadors as separate groups should be abandoned unless there are decisive technical objections to doing so. (Section 3 (iii).)

(4) While there are arguments for a Commonwealth representative being able to become doyen of the Diplomatic Corps, there is no objection, on the assumption that this is not pressed, to the diplomatic doyen of the Diplomatic Corps continuing to take precedence over other Ambassadors or High Commissioners. (Section 3 (iv).)

(5) Subject to (4), Ambassadors and High Commissioners should take precedence in strict order and date of appointment. (Section 3 (iv).)

(6) Seniority of countries should be abandoned as a basis for precedence of High Commissioners *inter se*. (Section 3 (v).)

(7) It should be left to each Commonwealth Government to decide whether High Commissioners should be styled "Excellency." (Section 3 (vi).)

(8) Precedence of visiting Cabinet Ministers should be regulated as in (6) of P.M.M. (48) 9 of 13th October. (Section 3 (vii).)

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224557

(9) It is not recommended that High Commissioners be accredited by The King. The question of providing some form of credentials for them should, however, be considered. (Section 3 (ix).)

(10) *Title.*—Strong objection was voiced by the majority of the Committee to the term "High Commissioner." If, however, that title was to be changed, the general sense of the majority was in favour of "Ambassador," despite the arguments against that style. (Section 3 (viii).)

Signed for the Committee:

J. G. LAITHWAITE.

Cabinet Office, S.W.1,
19th October, 1948.

C224558

SECRET

P.M.M. (48) 15

19th October, 1948.

COMMONWEALTH CONSULTATION

NOTE BY THE SECRETARY OF THE CONFERENCE

With reference to my note of 18th October (P.M.M. (48) 13), I circulate herewith, for consideration by Ministers, a statement on Commonwealth Consultation prepared by the Deputy Prime Minister of Australia.

(Signed) NORMAN BROOK,
Secretary.

Cabinet Office, S.W.1,
19th October, 1948.

COMMONWEALTH CONSULTATION

Discussions during the Conference have demonstrated the value to Commonwealth Governments of consultation with one another particularly in the fields of foreign affairs and economic policy. For the fullest benefit to be obtained, however, such consultation should take place early while policy is still in the formative stages. In order to develop further the opportunities for such consultation, the following arrangements have been agreed upon.

1. *Meetings of Commonwealth Prime Ministers*

Meetings of Commonwealth Prime Ministers will be held as often as is practicable at which all Commonwealth Governments will be represented.

2. *Meetings of Ministers on Foreign Affairs*

Commonwealth meetings on foreign affairs at the Ministerial level will be held twice a year. At least one of these meetings will be held outside the United Kingdom in one or other of the Commonwealth countries chosen according to circumstances. The next such meeting will be held in next .

3. *Improved facilities in Commonwealth capitals*

(*a*) Greater use will be made of facilities in London for consultation and the provision of information.

(i) Commonwealth High Commissioners in London will have the right of direct access to the Foreign Secretary. Meetings between the Foreign Secretary and particular High Commissioners will be held more frequently. Meetings between the Foreign Secretary and two or more High Commissioners will also be arranged from time to time, as occasion requires, for the discussion of matters of common interest.

(ii) Political Secretaries (or comparable officials) attached to the staffs of Commonwealth High Commissioners in London will have a right of direct access to the Foreign Office. The Foreign Office will also invite these officials to come, individually or in groups, to discuss matters on which the Foreign Office desire informal discussion with representatives of other Commonwealth Governments.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C 224559

(*b*) Other Commonwealth Governments will endeavour to make comparable arrangements in their capitals.

4. *Meetings on Economic Affairs*

(*a*) Commonwealth meetings on economic questions of common concern will be held at the Ministerial level, as required and practicable. Where a particular problem directly concerns only some of the Commonwealth countries, the meetings might be confined to representatives of those countries. These meetings will be held in the most appropriate Commonwealth country.

(*b*) For the discussion of matters affecting only two Commonwealth countries, meetings of Ministers of the countries concerned will be arranged, and, where necessary, formal machinery will be established (*cf.*, the new Anglo-Canadian Economic Committee).

(*c*) Closer contact will be maintained between officials of Commonwealth Governments concerned with financial and economic matters by interchanges of visits.

5. *Improved facilities for the flow of economic information*

(*a*) To meet present needs the existing Commonwealth Liaison Committee for the European Recovery Programme which includes officials of all Commonwealth countries will under the title "Commonwealth Economic Information Committee" serve in London as a clearing-house for economic information generally to provide the basis for informed consultation between Governments.

(*b*) Other Commonwealth Governments will endeavour to make comparable arrangements in their capitals.

C224560

SECRET

P.M.M. (48) 16

20th October, 1948

COMMONWEALTH CONSULTATION

NOTE BY THE SECRETARY OF THE CONFERENCE

I attach a revised draft of the statement on Commonwealth Consultation, prepared in consultation with official representatives of all the various Delegations.

Officials of the Delegations were not able to reach agreement on some passages in this draft; in these cases alternatives are given in square brackets.

A new passage on Defence has been included in paragraph 6.

(Signed) NORMAN BROOK.
Secretary.

Cabinet Office, S.W.1,
20th October, 1948.

COMMONWEALTH CONSULTATION

Discussions during the meeting have demonstrated the value to Commonwealth Governments of consultation with one another on matters of common concern in foreign and economic affairs and in defence. Although the exchange of information is fuller at the present time than it has ever been, it is specially important that consultation should take place early while policy is still in the formative stages. The meeting approved, subject to endorsement by the respective Governments, the following arrangements for Commonwealth consultation, which in part reflect existing practice :—

1. Meetings of Commonwealth Prime Ministers will be held as often as is practicable.

2. In the intervals between those meetings Commonwealth meetings on foreign affairs will be held at the Ministerial level [twice] [at least once] a year. These meetings will normally be held in one or other of the Commonwealth countries, according to circumstances. [The first of these meetings will be held in next .]

3. Greater use will be made of facilities in London for consultation and the exchange of information. In addition to their contacts with the Secretary of State for Commonwealth Relations and his staff :—

(i) Commonwealth High Commissioners in London have direct access to the Foreign Secretary. [Meetings between the Foreign Secretary and individual High Commissioners will be held more frequently. Meetings between the Foreign Secretary and two or more High Commissioners will also be arranged from time to time, as occasion requires, for the discussion of matters of common interest.]

(ii) Political Secretaries (or comparable officials) attached to the staffs of Commonwealth High Commissioners in London also have direct access to the Foreign Office. Meetings between them and officials of the Foreign Office, either individually or in groups, will be arranged as required.

Other Commonwealth Governments will endeavour to make comparable arrangements in their capitals.

4.—(*a*) Commonwealth meetings on economic and financial questions of common concern [will] [could] be held at the Ministerial level when required and practicable. These meetings will normally be held in one or other of the Commonweath countries, according to circumstances. Where a particular problem directly concerns only some of the Commonwealth countries, the meeting might be confined to representatives of those countries.

.16

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

(*b*) For the discussion of matters affecting only two Commonwealth countries meetings of Ministers or officials [will] [could] be maintained and extended, and in particular there [will] [could] be more frequent interchange of visits.

5.—(*a*) To meet present needs the existing Commonwealth Liaison Committee for the European Recovery Programme, which includes officials of all Commonwealth countries, will under the title "Commonwealth Economic Information Committee" serve in London as a clearing-house for economic information generally to provide the basis for informed consultation between Governments.

(*b*) Other Commonwealth Governments will endeavour to make comparable arrangements in their capitals.

6. In defence matters there will be close consultation and collaboration between the Commonwealth Governments having a common interest in the security of a particular region. The military advisers of those Governments will consult together to frame proposals and plans for submission to their respective Governments.

Meetings of Defence Ministers will be arranged, as occasion demands, to discuss problems arising from these regional consultations and to review the progress made.

In the system of Commonwealth Service Liaison Officers there already exists machinery for the exchange of military information of general interest, and Commonwealth Governments will consider how that machinery can be improved to render it fully effective as a means of exchanging information about the progress of the regional defence plans and securing the maximum appropriate degree of defence co-ordination.

7. The arrangements summarised above will supplement but will not supersede the existing channels of communication between Commonwealth Governments. In London the Secretary of State for Commonwealth Relations will continue to be responsible for relations with other Commonwealth Governments.

SECRET

P.M.M. (48) 16 (Revise)

21*st October*, 1948

COMMONWEALTH CONSULTATION

NOTE BY THE SECRETARY OF THE CONFERENCE

I attach a revised draft of the statement on Commonwealth Consultation, prepared in consultation with official representatives of all the various Delegations.

Officials of the Delegations were not able to reach agreement on some passages in this draft; in these cases alternatives are given in square brackets.

A new passage on Defence has been included in paragraph 6.

(Signed) NORMAN BROOK,
Secretary.

Cabinet Office, S.W. 1,
21*st October*, 1948.

COMMONWEALTH CONSULTATION

Discussions during the meeting have demonstrated the value to Commonwealth Governments of consultation with one another on matters of common concern in foreign and economic affairs and in defence. Although the exchange of information is fuller at the present time than it has ever been, it is specially important that consultation should take place early while policy is still in the formative stages. The meeting approved, subject to endorsement by the respective Governments, the following arrangements for Commonwealth consultation, which in part reflect existing practice:—

1. Meetings of Commonwealth Prime Ministers will be held as often as is practicable.

2. In the intervals between those meetings Commonwealth meetings on foreign affairs will be held at the Ministerial level [twice] [at least once] a year. These meetings will normally be held in one or other of the Commonwealth countries, according to circumstances. [The first of these meetings will be held in next .]

3. Greater use will be made of facilities in London for consultation and the exchange of information. In addition to their contacts with the Secretary of State for Commonwealth Relations and his staff:—

(i) Commonwealth High Commissioners in London have direct access to the Foreign Secretary. [Meetings between the Foreign Secretary and individual High Commissioners will be held more frequently. Meetings between the Foreign Secretary and two or more High Commissioners will also be arranged from time to time, as occasion requires, for the discussion of matters of common interest.]

(ii) Political Secretaries (or comparable officials) attached to the staffs of Commonwealth High Commissioners in London also have direct access to the Foreign Office. Meetings between them and officials of the Foreign Office, either individually or in groups, will be arranged as required.

Other Commonwealth Governments will endeavour to make comparable arrangements in their capitals.

4.—(*a*) Commonwealth meetings on economic and financial questions of common concern [will] [could] be held at the Ministerial level when required and practicable. These meetings will normally be held in one or other of the Commonwealth countries, according to circumstances. Where a particular problem directly concerns only some of the Commonwealth countries, the meeting might be confined to representatives of those countries.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C224563

(*b*) For the discussion of matters affecting only two Commonwealth countries meetings of Ministers or officials [will] [could] also be held as necessary; and, where appropriate, formal machinery could be established for this purpose on the lines of the recently constituted Continuing Canada–United Kingdom Economic Committee.

(*c*) The existing contacts between officials of Commonwealth Governments concerned with financial and economic matters [will] [could] be maintained and extended, and in particular there [will] [could] be more frequent interchange of visits.

5.—(*a*) To meet present needs the existing Commonwealth Liaison Committee for the European Recovery Programme, which includes officials of all Commonwealth countries, will under the title "Commonwealth Economic Information Committee", serve in London as a clearing-house for economic information generally to provide the basis for informed consultation between Governments.

(*b*) Other Commonwealth Governments will endeavour to make comparable arrangements in their capitals.

6. In defence matters there will be close consultation and collaboration between the Commonwealth Governments having a common interest in the security of a particular region. The military advisers of those Governments will consult together to frame proposals and plans for submission to their respective Governments.

Meetings of Defence Ministers will be arranged, as occasion demands, to discuss problems arising from these regional consultations and to review the progress made.

In the system of Commonwealth Service Liaison Officers there already exists machinery for the exchange of military information of general interest, and Commonwealth Governments will consider how that machinery can be improved to render it fully effective as a means of exchanging information about the progress of the regional defence plans and securing the maximum appropriate degree of defence co-ordination.

7. The arrangements summarised above will supplement but will not supersede the existing channels of communication between Commonwealth Governments. In London the Secretary of State for Commonwealth Relations will continue to be responsible for relations with other Commonwealth Governments.

C224564

SECRET

Copy No.

P.M.M. (48) 17

21*st October*, 1948

MEETING OF PRIME MINISTERS

FINAL PRESS COMMUNIQUÉ

NOTE BY THE SECRETARY OF THE CONFERENCE

I circulate herewith, for consideration by Ministers at the meeting this afternoon, a draft for a final communiqué which might be issued to the Press at the conclusion of the Conference.

(Signed) NORMAN BROOK.

Cabinet Office, S.W. 1,
21*st October*, 1948.

DRAFT FINAL PRESS COMMUNIQUÉ

The final Plenary Session of the Prime Ministers Meetings took place to-day.

2. As is well known it is not the purpose of such Meetings to reach formal decisions but to provide opportunities for a free exchange of views on matters of common concern to Commonwealth Governments.

3. During the past two weeks such matters of common concern relating to international and economic affairs and defence have been the subject of fruitful deliberations. The discussions have shown a united view on certain principles in the approach of all the Commonwealth Governments to world problems. The conditions for peace must be restored and to this end it is necessary to build up the strength of all countries in the Commonwealth and to create forces sufficient to deter aggression from whatever quarter it may come, and simultaneously all efforts must be devoted to the improvement of the standard of living as the constructive means of preventing war.

4. The nature of the United Kingdom's association with other Western European Powers in the Brussels Treaty organisation was fully discussed. The representatives of the Commonwealth Governments expressed their general approval of the policy followed in this matter by the United Kingdom Government and gave assurances of support for these measures to avert by measures of collective defence the catastrophe of war. The Meeting felt that the combination of the efforts of the United Kingdom and those of her European neighbours is in accord with the interests of the Commonwealth and its members. It was agreed that the closest possible contact should be maintained between the Governments of the Commonwealth for the purpose of working out and furthering co-operation between the members of the Commonwealth and the signatories of the Brussels Treaty.

5. It was agreed actively to develop all practicable steps to secure a common understanding on issues affecting both themselves and other nations, and to this end to improve and extend methods of consultation and exchange of information among all the countries of the Commonwealth. There was a united desire still further to extend and develop ways and means for securing the fullest possible exchange of information during the formative stage of the development of policy. The meeting decided to recommend to the various Governments arrangements for closer Commonwealth consultation on Foreign Affairs, Economic Affairs and Defence. These recommendations are being submitted to the several Governments for their decision.

6. The Meeting recorded its regret at the rejection of Ceylon's applicatio for membership of the United Nations. The representatives of all the othe

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

Commonwealth Governments took note of the constitutional documents published by the Ceylon Government in Ceylon Sessional Paper XXII of 1947 under the title "The Independence of Ceylon" and in Ceylon Sessional Paper III of 1948 under the title "The Constitution of Ceylon." They agreed to take this opportunity of their meeting in London to place on record their recognition of Ceylon's independence and to affirm that Ceylon enjoys the same sovereign independent status as those self-governing countries of the Commonwealth which are members of the United Nations.

SECRET

P.M.M. (48) 17 (Revise)

21*st October*, 1948

MEETING OF PRIME MINISTERS

FINAL PRESS COMMUNIQUÉ

NOTE BY THE SECRETARY OF THE CONFERENCE

I attach, for consideration by Ministers, a revised draft of a final communiqué to be issued to the Press at the conclusion of the Conference.

(Signed) NORMAN BROOK.

Cabinet Office, S.W. 1,
21*st October*, 1948.

REVISED DRAFT OF FINAL PRESS COMMUNIQUÉ

THE Final Plenary Session of the Meeting of Commonwealth Prime Ministers was held at No. 10 Downing Street this morning. At the end of the meeting the representatives of the other Commonwealth Governments placed on record their sincere thanks to the Prime Minister of the United Kingdom for presiding over the meetings and for his constant and valuable help.

2. The purpose of these informal meetings of Commonwealth Prime Ministers is to provide opportunities for a free exchange of views on matters of common concern.

3. The meetings held during the past two weeks have covered many such matters of common concern, including international relations, economic affairs and defence. The discussions have shown a substantial community of outlook among all the Commonwealth Governments in their approach to the present world problems. Fundamentally, this approach is based upon their support of the principles and purposes of the United Nations and their determination to make its work more effective. All the Commonwealth Governments are resolved to work together to establish world peace on a democratic basis.

4. In furtherance of these objectives, the representatives of Commonwealth Governments affirmed their purpose to build up the economic strength of their countries and to take all necessary measures to deter and resist aggression. At the same time they will do their utmost to encourage an increased production of wealth so as to achieve a just standard of living, especially for the people of the less developed countries of the world, as a constructive contribution to the preservation of world peace.

5. The economic forecast for the coming years made by the United Kingdom Government for the Organisation for European Economic Co-operation was considered in order to give the other Commonwealth countries an opportunity to examine its implications for their own economics. The conference reaffirmed the need for all the Commonwealth Governments, in formulating their policies, to consult with one another, so far as practicable, so that each can co-operate by taking into account the needs and policies of the others.

6. The United Kingdom Government outlined the nature of its association with other Western European nations under the Brussels Treaty, as a regional association within the terms of the United Nations Charter. There was general

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TIGHT BINDING
RELIURE TROP RIGIDE

C 224567

agreement that this association of the United Kingdom with her European neighbours to build up their economies and to deter aggression was in accord with the interests of the other members of the Commonwealth and also of world peace. It was agreed that other Commonwealth Governments should be kept fully informed of the progress of this co-operation with Western Europe.

7. The discussions showed a general desire to maintain and extend methods of consultation between all the Governments of the Commonwealth. Detailed recommendations for improving Commonwealth consultation on foreign affairs, economic affairs and defence are being submitted to the Governments for consideration and decision.

8. The Meeting recorded its support for Ceylon's application for membership of the United Nations. The representatives of all the other Commonwealth Governments took note of the constitutional documents published by the Ceylon Government in Ceylon Sessional Paper XXII of 1947 under the title "The Independence of Ceylon" and in Ceylon Sessional Paper III of 1948 under the title "The Constitution of Ceylon." They agreed to take this opportunity of their meeting in London to place on record their recognition of Ceylon's independence and to affirm that Ceylon enjoys the same sovereign independent status as the other self-governing countries of the Commonwealth which are members of the United Nations.

9. This meeting included for the first time the Prime Ministers of India, Pakistan and Ceylon. Their presence symbolised the extension of the bounds of democratic freedom which reflects the spirit and steadfast purpose of the Commonwealth. These new representatives of sovereign nations brought to the deliberations of their colleagues from the other free countries of the Commonwealth the wisdom of their ancient civilisations vivified by the dynamism of the modern age. This blending of the West and the East in the lofty task of building a lasting peace on the foundations of freedom, justice and economic prosperity provides a new hope for harassed mankind.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224568

DRAFT by Swp re. Commonwealth Pm's meetings 1948

When asked for his comment on the outcome of the Meeting of Commonwealth Prime Ministers, Mr. Mackenzie King expressed anew his regret that circumstances had prevented him from participating actively in the meetings.

Mr. King said that he had had opportunities for private conversation with most of the Prime Ministers and was looking forward to meeting all of them before his departure from London. These conversations, together with daily contacts with the Canadian High Commissioner, Mr. Norman Robertson, and later with Mr. St.-Laurent after the latter's arrival from Canada, had enabled Mr. King to keep in close touch with the proceedings of the meetings.

Mr. King said, however, that he preferred not to make any comment beyond saying that there had been no thought of attempting to alter the character of the Commonwealth as a group of like-minded and freely associated nations in no way exclusive in character but serving at once as a model of free co-operation and

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

a focus for wider co-operation with other nations in furtherance of peace and freedom throughout the world.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224570

Possible Remarks to the Press by the Prime Minister -
- on landing at New York, Nov. 5, 1948.

① Pleasure at being back in America -
- left Ottawa Sept 13; sailed from New York Sept 15.
NOV 5 = 7 weeks
- have had valuable opportunity to see and to discuss with leading public men political, economic and other conditions in Europe — but pleased once more to be back.

② Health -
- shortly after arriving in England was ordered by Lord Moran to take a complete rest; — announcement made Oct. 10.
- feel greatly benefitted from rest; health much improved.
- able to continue rest on voyage.
- feel sure in circumstances that press will understand why do not wish to make any lengthy statement or have any prolonged interview at present.

③ United Nations (if asked) -
- was present only for first two weeks of Assembly meeting; left Paris on Oct. 5.
- was not present for major discussions on Berlin or on Palestine situation.
- do not wish to comment at present time.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

④ Meeting of Commonwealth Prime Ministers –

– while unable to attend formal meetings due to health, did meet and talk with all Prime Ministers present, and also leading public men of the United Kingdom.

– valuable opportunity for frank and intimate discussion

– presence of India (Mr. Nehru), Pakistan (Mr. Liaquat Ali Khan) and Ceylon (Mr. Senanayake) a new development of much interest and significance.

– discussions and day-to-day progress of meetings impressed point I had commented on in my address at Paris — that the United Nations might learn much from the success of the Commonwealth in bringing countries together

– showed value of sense of community over attempts at rigid and elaborate organization; showed also virtue of slow growth and solid progress before attempting too much.

⑤ North Atlantic Security Pact (if asked)

– a reflection of the sense of present inadequacy of the United Nations to provide security.

– Canadian position has been made clear in statements by myself and Mr. St. Laurent,

– do not wish to comment at this time.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

⑥ U. S. Presidential Election (if asked)

- received very brief reports aboard ships.
- election is a matter of domestic concern to the U. S. and would not wish to comment.
- Canada so close in geography and relations to U.S. that we are much interested in all that happens there; will be looking forward to continuance at all times of cordial and happy relations.

⑦ Retirement from Office (if asked)

- indicated before departure that I would seek retirement shortly after my return to Canada at a time convenient to my successor.
- do not wish to say anything further at present.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TOP SECRET

C224573

MEMORANDUM FOR THE PRIME MINISTER

I am enclosing herewith a very interesting despatch from Mr. Robertson concerning developments in London regarding a possible Commonwealth Conference in the near future.

Ottawa,
May 24th, 1948.

P.S. I am attaching herewith a telegram on the above subject, which has just been received from the High Commissioner.

21.5.26(US)

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

No. 892. 13th May, 1948.

Sir,

I have the honour to refer to the declaration made by the Prime Minister in the House of Commons on May 5th on the possibility of convening a Commonwealth Conference in the near future.

2. As you are aware, Mr. Attlee made this declaration during the debate on foreign affairs, and the exact words he used were the following:

> "There is no reluctance whatever on the part of the Government to have a full Commonwealth Conference, but the Right Honourable Gentlemen know that in one Dominion there may be an election while in another Parliament may be in session, so that the Prime Minister cannot leave. We are planning to have one as soon as we can, but it is really not a question of reluctance but of the difficulties we experience. We want to get together."

3. This statement was made in answer to remarks by Mr. Anthony Eden, who, earlier in the debate, had emphasized the fact that although he was wholeheartedly supporting the policy of closer relations with the Western Powers, there was one condition to such progress which must be absolute, "and it is that the Empire is with us in the conception and the execution of that plan at every stage". Mr. Eden added that he hoped that it might be possible, for the purpose of consultation in the reasonably near future, to have a conference of Empire statesmen on this matter.

4. Mr. Attlee's declaration came as a surprise, as only a few days before this debate, on April 28th, he had announced in the House of Commons that it was "extremely hard to get a suitable time to convene a Conference", and rather gave the impression that, due to the conditions in the different Dominions, such a possibility was not contemplated for the time being.

5. I have been informed by a close adviser to the Prime Minister on Commonwealth affairs that this new declaration should not be taken too literally, as Mr. Attlee had not intended to go any further on May 5th than he did on April 28th, but that he had rather answered on the spur of the moment the question put forward by Mr. Eden, and that he had committed himself more definitely than he had intended. This explanation, which would appear to be the

The Right Honourable
The Secretary of State for External Affairs,
Ottawa.

/proper

JL/RMC

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

proper one, does not prevent the fact that the Prime Minister has now given an assurance that a Commonwealth Conference would be held as soon as possible, and we may therefore expect that all those forces, both in the United Kingdom and in other countries of the Commonwealth, which are in favour of holding a conference will not let the opportunity go by without making the most of it.

6. While Mr. Attlee may not have intended to give as definite an assurance as he did, there is no doubt that the position of Australia and New Zealand must have been uppermost in his mind when he spoke of the possibility of convening a Commonwealth Conference. Recent developments in Western Union have disturbed these two Dominions, and I have already reported on the financial and economic implications they attach to the increasing continentalization of the United Kingdom policy in my despatch No. 713 of April 21st. The Australian and New Zealand Governments seem to be concerned lest the financial and political commitments of the United Kingdom in Western Europe play against the Commonwealth and Empire. They would therefore welcome wholeheartedly a Commonwealth Conference at this time to discuss these problems, and there is little doubt in my mind that some pressure must have been brought to bear on the United Kingdom Government in favour of such a course of action. It could easily be argued that the more the United Kingdom would become integrated in Western Union the more Australian and New Zealand fears would become acute; were the idea of a Conference shelved for the time being for one reason or another the problem would be but postponed until some member of the Commonwealth made it quite clear that such a Conference would serve no useful purpose.

7. The whole conception of the relations between the United Kingdom and Western Union on the one hand and the United Kingdom and the Commonwealth on the other has been given a great deal of attention lately. In a speech in the Guildhall on April 30th Mr. Eden said that he considered there was no fundamental clash in the conception of Britain as a member of the Commonwealth and as a member of Western Union. Mr. Bevin, in his speech on foreign affairs on May 4th, stressed the fact that the United Kingdom must take great care in building up the new structure of Western Europe "that we do nothing to jeopardize the already-existing solid framework of another union of free nations, that of the British Commonwealth".

8. It was to be expected that Lord Kemsley would lose little time in welcoming Mr. Attlee's announcement about the possibility of a Commonwealth Conference. In "The Sunday Times" of May 9th he wrote an editorial, copy of which is attached hereto, under the title of "Belonging Together", which he concluded as follows:

> "The Commonwealth Conference is capable of launching a new era of hope and achievement in our affairs; it is equally capable of bequeathing nothing but pious phrases and minor official arrangements - the flotsam and jetsam of Commonwealth affairs.

/The

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

> The first condition of its success is the spirit of the peoples represented; the second is vision in high places; and the third is determination so to organize our common resources and act together for common purposes as to replace the weakness of the parts by the unbounded strength of the whole community."

9. "Scrutator", writing in the same edition of "The Sunday Times", discussed the problem of co-ordinating the policy of the British Commonwealth with Western Union, and after having welcomed Mr. Attlee's announcement, concluded his article with these words:

> "The real obstacle, presumably, lies, as it always has since the war, in the attitude of the Canadian Government; and it ought not to be allowed indefinitely to prevent the other Governments from meeting."

10. "The Economist" offered another solution. It remarked that the difficulties in the way of an early meeting were very great, in spite of the British Government's professed willingness to call a Commonwealth Conference, but that a solution might be "for London to conduct bilateral talks with each Dominion and to take the responsibility for sorting out and grouping together the various views about future political and economic policy developments in the Commonwealth."

11. Generally speaking, Mr. Attlee's declaration has been well received, both in Parliament and by the press, and, as already reported, it is to be expected that the powerful interests both within and without the United Kingdom which favour the idea of a Conference, would make the most of it and even try and force the issue were they to discover that the United Kingdom authorities would prove lukewarm in following up the matter.

12. According to my information, no plans have been made yet by the United Kingdom Government, and it is not expected that a Conference will be held within the next few months. In some circles, however, it is believed that a Commonwealth Conference could be held either before or after the General Assembly of the United Nations which is to meet in Paris at the end of September. It is too early to foresee whether this will prove practicable at that time. A Conference called at any earlier date would, in my opinion, serve little purpose, and might even cause more harm than good.

13. I am sending copies of this despatch and the enclosure to the High Commissioners in Canberra, Wellington, Pretoria, Dublin, and New Delhi.

I have the honour to be,
Sir,
Your obedient servant,

High Commissioner.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA .

C224577

COPY. From "The Sunday Times", 9th May, 1948.

BELONGING TOGETHER

By Viscount Kemsley.

The announcement that a Commonwealth Conference is to be called as soon as possible to consider the grave international problems that face us is the best of news. Many of us have felt that much of the strength of the British Commonwealth, so wonderfully proved during the war, so grimly cemented by the sacrifices of its peoples, has since been dissipated by failure in practice to observe the lesson that power beyond the capacity of any member is inherent in the unity of the whole.

There is another general lesson from the example of the Commonwealth in its mutual affairs: the lesson that solutions to the most stubborn problems can often be found by a common-sense, practical approach, when only bitterness and frustration can result from an approach in terms of prestige or pre-conceived attitudes or ideologies. Commonwealth unity itself is founded on an essentially practical basis: we have the sense of belonging together - the underlying condition of acting together - because we have the same long-term interests and because history has taught us that we can serve them best by keeping together.

We in Britain are fully aware of the difficulties which have stood in the way of closer Commonwealth unity in terms of political forms of institutions, and which have a special force for some of the Dominions, including the newer ones - internal divisions, regional interests, harsh immediate problems which like our own seem to demand priority, a right and natural insistence on the full exercise of national independence. But the more that these and other reasons diminish the formal political bonds of the Commonwealth unity, the greater the importance of the unseen, informal bonds which gain their strength from the feelings of ordinary people in all the countries under the Crown. It is the spirit of our peoples which enables the politicians to seize the opportunities of Commonwealth solidarity through whatever means of consultation and agreed action may be available. The success of the Commonwealth Conference is assured if, and only if, the people insist that it should succeed.

EMPIRE-MINDEDNESS

The Commonwealth owes much to the leadership of its greatest statesmen - men like General Smuts, who of all men living can be counted the chief architect of the modern Commonwealth of free and equal nations. But it owes just as much to the spirit of the ordinary man and woman - the spirit that inspires those wonderful food parcels from the Dominions and Colonies, the spirit of the thousands of

/British

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

British families who are eager to start a new life with its wider opportunities in the countries of the Commonwealth overseas, the spirit so vividly made manifest, and so happily stimulated, by the visits of the Royal Family upon whom it focuses in loyalty.

Empire-mindedness, as I may call this underlying sense of belonging together in the Commonwealth, is certainly a rising force in Britain. In days of greater prosperity and ease, we were perhaps too ready to take the Empire for granted. To-day, in our time of testing and trouble, we are rediscovering both its values and its problems. One expression of this is the unprecedented demand after the war for the chance to set up in the Commonwealth overseas.

But we must beware of exaggerating the potentialities of migration, great though they are, as a means of strengthening the Commonwealth and overcoming our own difficulties, or we run the risk of entering into a new phase of disillusionment. For the next, say, five or ten years physical bottlenecks like the shortage of ships or the housing problem in the Dominions mean that only a very small fraction of the population could move from Britain. The problem of earning our imported food and materials, and of dispersing our resources for purposes of defence, though marginally relieved, would remain little altered in general character.

What is needed, as well as a movement of men, is a movement of ideas. We need to stop thinking of the British Commonwealth as a collection of countries with different destinies, helping each other externally, so to speak, and to think of it as a unit, with functions and opportunities dovetailed into each other internally. We need to have that attitude towards the whole Commonwealth community which makes it seem as natural, though it may not always be as practicable, to move from England to Canada, or from Australia to England, as to move between two places in the same county.

A JOINT ESTATE

That is the true spirit of belonging together - to think of England and South Africa and Nigeria and the rest, though having different national governments, as part of a joint estate, with opportunities shared and resources available to all - resources in materials, space, manpower and skill. We are, in short, a family with a common inheritance.

Thinking does not by itself accomplish much. But many people thinking together make a big force. The next task is to mobilize that force of opinion behind organization and action for common purposes. To start with, if we in Britain enlarge our minds to the Commonwealth scale, we shall begin to take a quite different view of our own national destiny. As a small island off the coast of Europe, unable

/to

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

to feed itself and deprived of the world economic leadership which it had in the age of coal and steam, Britain's future may well appear less than its past. But as part of a Commonwealth with vast resources, of which its own population with their skill and their capital equipment are a vital element, it shares in the glorious prospects of the whole community of nations of which it was the founder and is still the chief. We still have more to put into the Commonwealth pool than any of its other members, great as their resources are.

Thinking that way, we shall find, throws a new light on old problems of our own. Housing, for example. Viewing the resources of the Empire as a whole in the field of housing, including both manpower and capital goods, we may well conclude that priority ought to be given to making houses in the Dominions rather than in Britain, apart from urgently needed special requirements. As Sir Ronald Weeks asked on this page last Sunday, why not a policy of New Towns in the Dominions instead of our over-crowded counties?

Or take food as another example. While we must clearly strive to grow the maximum in this country, we shall always have to import a large fraction of our needs. To the non-Empire-minded that is a great anxiety. To the Empire-minded it is a challenge to produce everything that we can in the Empire. We should be asking ourselves, for instance, whether it is better to spend the same money on ploughing up pasture in England or on restoring eroded soil in the Dominions and Colonies.

In foreign affairs, too, where more than ever before we need all the strength we can get, the enlargement of our thought to the Commonwealth scale bids us always strive for Commonwealth agreement before national policy is expressed to the United Nations or to foreign countries. That objective applies as much to the Dominions as to Britain, where their interests are primarily engaged. But the responsibility for leadership remains, generally speaking, with Britain, a s the acknowledged Great Power of the Commonwealth group: we should not expect of others that which we fail to insist upon ourselves. Witness, for example, Palestine - an issue of vital importance to the whole Empire, yet one on which it has been hopelessly divided. That is the way to dissipate our inheritance.

FAITH IN THE FUTURE

To-day is Empire Youth Sunday. The call to refresh our Empire-mindedness, our sense of belonging together in the Commonwealth, is eminently a call to the youth of our nations, who have the most to gain from the future. But youthfulness is not the prerogative of the young, neither of young men and women nor of young nations. It is a call to all of us to renew our youth at the fountain of the Commonwealth's youthful strength and hope. It is a call to faith, faith in our future as a group of free nations. "Where there is no vision, the people perish." Without faith in the future, based on our sense

/of

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

of belonging together, we who believe in freedom would fall easy prey to those who do boast a fanatical faith in a very different future of their own devising.

The Commonwealth Conference is capable of launching a new era of hope and achievement in our affairs: it is equally capable of bequeathing nothing but pious phrases and minor official arrangements - the flotsam and jetsam of Commonwealth affairs. The first condition of its success is the spirit of the peoples represented; the second is vision in high places; and the third is determination so to organize our common resources and act together for common purposes as to replace the weakness of the parts by the unbounded strength of the whole community.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

of belonging together, we who believe in freedom would fall easy prey to those who do boast a fanatical faith in a very different future of their own devising.

The Commonwealth Conference is capable of launching a new era of hope and achievement in our affairs: it is equally capable of bequeathing nothing but pious phrases and minor official arrangements - the flotsam and jetsam of Commonwealth affairs. The first condition of its success is the spirit of the peoples represented; the second is vision in high places; and the third is determination so to organize our common resources and act together for common purposes as to replace the weakness of the parts by the unbounded strength of the whole community.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224581

Copy for Mr. Robertson

Fdc

C-10-3 1
1948

P-40-3
1948

Memorandum for the Prime Minister:

The Canadian Press have just telephoned with regard to an item which they have received, stating that -

> "authoritative quarters in London say that plans for an autumn conference of Dominion Leaders will go forward, as far as Britain is concerned, regardless of post-election changes in the composition of the South African Government."

They report that an item from Australia indicates that Prime Minister Chifley has stated that he has received a communication from Mr. Attlee with regard to the matter. They are asking whether there is any comment from here.

Would you wish to have it said, should there be any further calls, that there is "no comment" from here?

It is possible that there might be a question on the Orders of the Day this afternoon arising out of this report.

R.G.R.

R.M. said "no comment".

May 28, 1948

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224582

SECRET

Ottawa, August 30th, 1948.

MEMORANDUM FOR THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS:

With reference to our conversation last Friday, I am sending you, herewith, a copy of a memorandum which I have today sent to Mr. King following the "official" conversations with Sir Norman Brook, the Secretary of the U.K. Cabinet.

A. D. P. H.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224583

SECRET

Ottawa, August 30th, 1948.

MEMORANDUM FOR THE PRIME MINISTER:

Re: Prime Minister's meetings

Pearson and I thought it might be useful for you, before going to London, to have some account of the conversations which we had with Brook and Clutterbuck following their earlier talks with you and Mr. St. Laurent.

I have prepared the attached analysis in consultation with the other officials who participated.

A. D. P. H.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

SECRET C224584

Ottawa, August 30th, 1948.

MEMORANDUM FOR THE PRIME MINISTER:

Commonwealth relationships;
attitude of U.K. government

1. Following the talk which you and Mr. St. Laurent had, on August 13th, with the Secretary of the U.K. Cabinet (Sir Norman Brook) and the U.K. High Commissioner, Pearson, a number of other officials and I had conversations with them on August 16th and 17th.

2. Probably the most significant single impression with which we were left concerning the U.K. government's attitude was their desire to avoid, if possible, any attempt at the forthcoming meetings to devise a new "constitution" for the Commonwealth.

While the main purpose of Brook's current tour is to seek informally the views of the Prime Ministers of the "older members" on possible re-definition of Commonwealth relationships, it is evident that U.K. authorities have come to the opinion that, in present circumstances, the prospects of satisfactory agreement are so remote that it would be better all round if formal discussion of the subject in London can be avoided. At the same time, it is recognized that the Indian situation (or possibly an initiative on the part of the Irish) may make it necessary for something to be done. In any event, the U.K. government propose that the subject be explored while you are in London but informally and not at sessions of the Prime Ministers' meetings.

3. Having in mind the distinct possibility that the Indian situation or some move by the Irish (or both) may render it necessary to consider some

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224535

changes of general application in Commonwealth relationships, U.K. Ministers have been examining in a preliminary way a number of proposals. In this connection, Brook gave us the opportunity of looking at two papers prepared in London by a committee of officials for consideration by Ministers. These had been discussed but not approved and Brook had not been authorized to give them to us. (For that reason, the fact that they have been shown to us should be kept particularly confidential.)

These papers, while they contain nothing of importance that Brook did not mention, either in conversation with you and Mr. St.Laurent or with the officials whom he met here, confirm our principal impression indicated in paragraph 2 above, namely that the U.K. government are anxious, if at all possible, to avoid at this time any formal redefinition of the nature of the Commonwealth.

4. In the event that it does not prove possible to avoid a general discussion in London on the nature of the Commonwealth, the various suggestions which are being considered by U.K. authorities are of great interest. Some of these are the same or similar to proposals which have been discussed in Ottawa at various times; most of them, I think, are in line with developments which Canadian government representatives have favoured in recent years.

5. Of the suggestions mentioned by Brook (and apparently considered but not decided upon by the U.K. Ministers), the following are among the more significant:

(a) The change, as a matter of practice, from the expression "British Commonwealth of Nations" to "The Commonwealth of Nations".

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224525

changes of general application in Commonwealth relationships, U.K. Ministers have been examining in a preliminary way a number of proposals. In this connection, Brook gave us the opportunity of looking at two papers prepared in London by a committee of officials for consideration by Ministers. These had been discussed but not approved and Brook had not been authorized to give them to us. (For that reason, the fact that they have been shown to us should be kept particularly confidential.)

These papers, while they contain nothing of importance that Brook did not mention, either in conversation with you and Mr. St.Laurent or with the officials whom he met here, confirm our principal impression indicated in paragraph 2 above, namely that the U.K. government are anxious, if at all possible, to avoid at this time any formal redefinition of the nature of the Commonwealth.

4. In the event that it does not prove possible to avoid a general discussion in London on the nature of the Commonwealth, the various suggestions which are being considered by U.K. authorities are of great interest. Some of these are the same or similar to proposals which have been discussed in Ottawa at various times; most of them, I think, are in line with developments which Canadian government representatives have favoured in recent years.

5. Of the suggestions mentioned by Brook (and apparently considered but not decided upon by the U.K. Ministers), the following are among the more significant:

(a) The change, as a matter of practice, from the expression "<u>British</u> Commonwealth of Nations" to "The Commonwealth of Nations".

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224586

(b) Introduction of the term "Commonwealth citizen" as alternative to "British subject". (This has already been provided for by the new British Nationality Act.)

(c) Discontinuance of the expressions "Dominion", "Dominion government", etc., and substitution of such phrases as "Commonwealth country," "Member of the Commonwealth", etc. (Apparently no "legal" change is proposed here, but merely a change in practice.)

(d) Use of the term "Commonwealth Prime Ministers" to include the Prime Ministers of all Commonwealth countries, including the United Kingdom.

6. The U.K. government take the position that there is no need for relations between all members of the Commonwealth to be identical; there is scope for a wide variety.

7. As you know, the United Kingdom are even prepared to agree that a "republican" form of government for India is not inconsistent with membership in the Commonwealth, provided that the President is the representative of the King. In fact, the U.K. view is that the title of the King's representative in any member nation is a matter for that nation's own discretion. (This is directly relevant to the question which has been raised here from time to time of a change in the style of the Governor General.)

If it is necessary to consider any change in the King's title, the United Kingdom would probably suggest some such formula as follows:

"George VI King by the Grace of God, Head of all countries of the Commonwealth of Nations, and Defender of the Faith."

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224587

8. It became evident in our conversations with Brook that U.K. authorities are inclined to consider the present status of Ireland as the "irreducible minimum" beyond which it would be impossible for any member state to go without terminating completely the Commonwealth relationship. In this connection, the U.K. government are quite anxious to know the intentions of the present Irish government. They are also inclined to think that something should be done to "warn" the Irish that if they go farther they will have to take the consequences of complete separation at least in the eyes of other nations; for example, it would be difficult to continue extension of Imperial preference to Ireland.

9. After examining the possibility of having a "two-class" Commonwealth of British and "associated" nations, U.K. officials conclude that this would afford no satisfactory solution to present problems. It would on the other hand raise a good many new questions of great difficulty.

Another alternative is a "Union of British Commonwealth and Other Nations", a plan which would also involve two classes of members, of which the inner ring would be "British" and the outer, for all practical purposes, "foreign" in rather shadowy alliance.

10. The United Kingdom recognise that the courses mentioned in the preceding paragraph are full of difficulty from the "constitutional" point of view. U.K. Ministers are also acutely conscious of the domestic controversy which would be raised by suggestions for "weakening" the Commonwealth connection. Nevertheless, if the issue is forced, the U.K. government would be willing to consider the proposals for

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224537

8. It became evident in our conversations with Brook that U.K. authorities are inclined to consider the present status of Ireland as the "irreducible minimum" beyond which it would be impossible for any member state to go without terminating completely the Commonwealth relationship. In this connection, the U.K. government are quite anxious to know the intentions of the present Irish government. They are also inclined to think that something should be done to "warn" the Irish that if they go farther they will have to take the consequences of complete separation at least in the eyes of other nations; for example, it would be difficult to continue extension of Imperial preference to Ireland.

9. After examining the possibility of having a "two-class" Commonwealth of British and "associated" nations, U.K. officials conclude that this would afford no satisfactory solution to present problems. It would on the other hand raise a good many new questions of great difficulty.

Another alternative is a "Union of British Commonwealth and Other Nations", a plan which would also involve two classes of members, of which the inner ring would be "British" and the outer, for all practical purposes, "foreign" in rather shadowy alliance.

10. The United Kingdom recognize that the courses mentioned in the preceding paragraph are full of difficulty from the "constitutional" point of view. U.K. Ministers are also acutely conscious of the domestic controversy which would be raised by suggestions for "weakening" the Commonwealth connection. Nevertheless, if the issue is forced, the U.K. government would be willing to consider the proposals for

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224568

changing the character of the Commonwealth along the lines indicated in the hope of finding a solution which would be generally acceptable. They hope that this will not prove necessary.

11. What the reactions of Australia and New Zealand may be can only be conjectured. Certainly they will find little comfort in the attitude of U.K. Ministers if Dr.Evatt or Mr.Fraser contemplate renewing any of their earlier suggestions such as those for a central secretariat or closer defence arrangements on a Commonwealth basis.

From the Canadian point of view, there are perhaps four principal conclusions to be drawn from Brook's mission:

(a) The United Kingdom will seek to avoid any general discussion of Commonwealth relationships at the London meetings and, so far as possible, will resist any attempt to produce any new "constitutional" declaration.

(b) The U.K. government have no intention of proposing any tightening of the "Imperial" connection, nor have they in mind suggesting any new "centralized" mechanisms such as a Commonwealth secretariat, joint staff, or the like. On the contrary, their present attitude in this respect is much closer to that of the Canadian government than it has ever been.

(c) If the issue is forced by the Indian situation (or by Ireland), the proposals which the United Kingdom would favour are not, in general, of a character which would afford particular difficulty from the Canadian point of view.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224589

(d) The U.K. government will wish to have informal conversations on these questions in London with the representatives of Canada, Australia and New Zealand in anticipating of it proving necessary to have them dealt with at the Prime Ministers' meetings by all members of the Commonwealth.

12. External Affairs are preparing for you detailed memoranda on the various particular questions which may arise in London.

A.D.P.H.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

MEMORANDUM

Privy Council Office

~~SECRET~~

Ottawa Aug. 30, 1948.

Copy for Mr. Pickersgill.

Passed on to R.G.R. for London Dr.

A.D.P.H.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C224591

TOP SECRET

PERSONAL MESSAGE FOR MR. MACKENZIE KING FROM MR. ATTLEE

DATED 4th SEPTEMBER, 1948

Agenda for Prime Ministers' Meetings

I have been considering subjects which we might talk over at our meeting and now suggest the following provisional list:-

(i) International Relations with particular reference to the Soviet Union.

(ii) The future of Germany.

(iii) Japanese problems and the future of the Pacific.

(iv) Commonwealth interest in collaboration with Western Europe.

(v) General economic situation and the European Recovery Programme.

(vi) The development of economic resources of the Commonwealth.

(vii) Defence questions.

(viii) Machinery for consultation between Commonwealth Governments.

If there are any items which you wish added I would be grateful if you would let me know as early as possible.

2. I need not say that, apart from the matters on the list, I greatly hope that we shall be able to take the opportunity to have less formal gatherings and informal discussions between individuals, and it may well be also that there will prove to be advantage in keeping the number of plenary meetings down.

3. I am telegraphing in similar terms to the other Commonwealth Prime Ministers.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TOP SECRET

C224703

PERSONAL MESSAGE FOR MR. ATTLEE FROM MR. MACKENZIE KING

DATED 4th SEPTEMBER, 1948

Prime Ministers' Meeting

I am pleased to know October Eleventh definitely fixed as opening date.

I much appreciate generous courtesy United Kingdom Government in extending invitation to my advisers and myself to be their guests during the period of the meeting. Except for accommodation Secretarial staff being arranged through Office of High Commissioner for Canada, I do not expect my staff to extend beyond one adviser, one private secretary, and one confidential messenger.

I agree it is desirable to have an official announcement of meeting made forthwith. I cordially approve terms draft announcement attached to your communication.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

Not to be released in any form
until 7:30 p.m. Eastern Daylight Time.

Office of the Prime Minister.

Press Release

Ottawa, September 13, 1948.

The Office of the Prime Minister made public this afternoon the text of the following announcement, made public at the same time by the Prime Minister of Great Britain in London:

The Prime Minister (Mr. Clement Attlee) announced in the House of Commons on 28th June that it was hoped to hold a meeting of Commonwealth Prime Ministers to discuss broad general questions of common interest in October. Arrangements have now been made for a meeting to take place in London on 11th October.

It is hoped that most Commonwealth Prime Ministers will be able to be present. Mr. Chifley, who visited this country as recently as July, will however be unable to leave Australia again after so short an interval and Australia will therefore be represented by Dr. Evatt. Dr. Malan owing to pressure of domestic matters and Parliamentary business in South Africa will also be unable to be present and South Africa will be represented by Mr. Eric Louw, Minister of Mines and Economic Affairs, who will attend meetings when his responsibilities as the leader of the South African Delegation to the General Assembly of the United Nations admit of his doing so.

As is customary on these occasions the meeting will be a private one at which there will be confidential discussions and exchanges of view on matters of common concern between Commonwealth Prime Ministers. It is not the practice on these occasions to take formal decisions.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C224594

Not to be released in any form
until 7:30 p.m. Eastern Daylight Time

Office of the Prime Minister

Press Release

Ottawa, September 13, 1948.

The Office of the Prime Minister made public this afternoon the text of the following announcement, made public at the same time by the Prime Minister of Great Britain in London:

The Prime Minister (Mr. Clement Attlee) announced in the House of Commons on 28th June that it was hoped to hold a meeting of Commonwealth Prime Ministers to discuss broad general questions of common interest in October. Arrangements have now been made for a meeting to take place in London on 11th October.

It is hoped that most Commonwealth Prime Ministers will be able to be present. Mr. Chifley, who visited this country as recently as July, will however be unable to leave Australia again after so short an interval and Australia will therefore be represented by Dr. Evatt. Dr. Malan owing to pressure of domestic matters and Parliamentary business in South Africa will also be unable to be present and South Africa will be represented by Mr. Eric Louw, Minister of Mines and Economic Affairs, who will attend meetings when his responsibilities as the leader of the South African Delegation to the General Assembly of the United Nations admit of his doing so.

As is customary on these occasions the meeting will be a private one at which there will be confidential discussions and exchanges of view on matters of common concern between Commonwealth Prime Ministers. It is not the practice on these occasions to take formal decisions.

-12:15- ✓
for 2 - table for 12:45-(table) ✓
for 3 - at tea - 5:00 — in lounge
- till 6:30

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

CANADIAN PAPERS

FOR THE PRIME MINISTER'S CONFERENCE

OCTOBER, 1948

CONTENTS

A. Papers on Subjects listed for discussion

I. List of subjects suggested by Mr. Attlee September 4th, 1948

II. An Appreciation of the International Situation. (memorandum to follow)

III. The Future of Germany

IV. Japanese Problems and the Future of the Pacific

V. "Western Union" and the Atlantic Pact; a survey of recent developments

VI. The General European Economic Situation and the European Recovery Programme

VII. Restrictions on the Transfer of Funds by Emigrants from the United Kingdom

VIII. Defence Questions (memorandum to follow)

IX. Machinery for Consultation between Commonwealth Countries (memorandum to follow)

B. Material on topics which might arise incidentally:

X. The Royal Style and Title .

XI. The Title of the Governor General

XII. The Status of High Commissioners

2 . . .

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

XIII. Appointment of Consuls to Countries of the British Commonwealth

XIV. Nationality within the Commonwealth

XV. Revision of the Statute of Westminster

XVI. Legal Status of East Indians in Canada

XVII. The Kashmir Dispute

XVIII. The Dispute between India and Hyderabad

XIX. The Status of Ireland: the External Relations Act

XX. Palestine: Recognition Policy of Commonwealth Governments

XXI. Commonwealth Relationship: Attitude of the United Kingdom (memorandum on conversation with Sir Norman Brook)

XXII. Consideration on the Nature of the Commonwealth (Departmental memorandum to follow)

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C224597

TOP SECRET

PERSONAL MESSAGE FOR MR. MACKENZIE KING FROM MR. ATTLEE

DATED 4th SEPTEMBER, 1948

Agenda for Prime Ministers' Meetings

I have been considering subjects which we might talk over at our meeting and now suggest the following provisional list:-

(i) International Relations with particular reference to the Soviet Union.

(ii) The future of Germany.

(iii) Japanese problems and the future of the Pacific.

(iv) Commonwealth interest in collaboration with Western Europe.

(v) General economic situation and the European Recovery Programme.

(vi) The development of economic resources of the Commonwealth.

(vii) Defence questions.

(viii) Machinery for consultation between Commonwealth Governments.

If there are any items which you wish added I would be grateful if you would let me know as early as possible.

2. I need not say that, apart from the matters on the list, I greatly hope that we shall be able to take the opportunity to have less formal gatherings and informal discussions between individuals, and it may well be also that there will prove to be advantage in keeping the number of plenary meetings down.

3. I am telegraphing in similar terms to the other Commonwealth Prime Ministers.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C224538

OFFICE OF THE
HIGH COMMISSIONER FOR CANADA,
CANADA HOUSE,
LONDON, S.W.1.

MEMORANDUM FOR THE PRIME MINISTER

Attached is the text of your remarks at the opening of the Prime Ministers' Meetings in August 1944. As you will recall, the meetings in May and June 1946 were broken into two parts, Chifley being here for the first half, while you only arrived for the second half. The official record of the formal opening meeting, at which you were not present, would indicate that there were no "opening statements" between Prime Ministers, beyond the exchange of the ordinary civilities.

October 6, 1948

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C

Mr. Mackenzie King said: I express my warm and sincere thanks to the Prime Minister of Great Britain for the words of welcome which he has so cordially extended. I welcome this opportunity of our meeting together. Great responsibilities rest on the nations of the Commonwealth, and the purposes for which these meetings are taking place, as outlined by the Prime Minister of Great Britain, will find an echo in the hearts of all present to-day. The Government of Canada is as anxious as the Prime Minister of Great Britain and his colleagues to display to the world the solidarity of the Commonwealth in loyalty to the cause for which we fight, and in seeking a solution of its many problems to have its different parts kept at all times in the closest possible relationship. After the united way in which nations of the Commonwealth have joined to prosecute the war, I, myself, anticipate no difficulty in reaching agreement on all essential matters, by a convergence of views, as suggested by Mr. Churchill.

I desire to convey warm greetings from the Canadian Government. The Government at Ottawa has its own heavy responsibilities, smaller in scope perhaps, but not less complex in nature. The discharge of common responsibilities has given all our Government's better understanding of each other's problems, and brought us all closer together. I feel, Prime Minister, that this island's leadership in the fight for freedom has brought Canada closer than ever to Britain's side.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C224600

CONFIDENTIAL

Copy No. 44

P.M.M. (48) 2
7th October, 1948

MEETING OF PRIME MINISTERS

EUROPEAN ECONOMIC CO-OPERATION: UNITED KINGDOM LONG-TERM PROGRAMME

NOTE BY THE SECRETARIES

WE circulate herewith the long-term economic programme submitted by the United Kingdom Government to the Organisation for European Economic Co-operation on 1st October, 1948.

(Signed) NORMAN BROOK.
J. G. LAITHWAITE.

Cabinet Office, S.W. 1,
7th October, 1948.

35969

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C224601

CONFIDENTIAL

Copy № 1062

THE LONG-TERM PROGRAMME OF THE UNITED KINGDOM

Material submitted by the United Kingdom to the Organisation for European Economic Co-operation in accordance with the request contained in Council paper C (48) 122 (Final)

London

30th September, 1948

35913

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

CONTENTS

Chapter I.—Introductory

		Paragraph
(1)	General Objectives	1–7
(2)	The Problem before the United Kingdom	8–12
(3)	Nature of the Solution Proposed	13–25
(4)	Progress since 1947	26–28

Chapter II.—General Policies

(1)	Promotion of Understanding and Common Effort	30–32
(2)	Fiscal Policy	33–37
(3)	Personal Incomes	38
(4)	Manpower	39–40
(5)	Immigration and Emigration	41
(6)	Productivity	42–50
(7)	Controls over Home Production and Consumption	51–54
(8)	The Strength of Sterling	55–56
(9)	Export Policy	57–59
(10)	Import Policy	60–61
(11)	The Objective of Multilateralism	62–64
(12)	The Expansion of International Trade	65–67
(13)	International Co-operation	68

Chapter III.—Major Industrial Plans

(1)	Agriculture	70–79
(2)	Coal	80–88
(3)	Oil	89–95
(4)	Iron and Steel	96–106
(5)	Engineering	107–113
(6)	Chemicals	114–120
(7)	Textiles	121–130
(8)	Shipping	131–139
(9)	Tourism	140–150

Chapter IV.—Investment in the United Kingdom

151–170

Chapter V.—Development of Overseas Territories

171–191

Chapter VI.—Estimate of the Balance of Payments in 1952–53

(1)	Introductory	192–193
(2)	Overseas Earnings	194–197
(3)	Overseas Expenditure	198–201
(4)	The Pattern of International Payments	202–215

Chapter VII.—Conclusions

(1)	The Scale and Consequences of the United Kingdom's Programme	216–220
(2)	The Rolé of External Assistance	221–223
(3)	The Importance of International Co-operation	224–229

CHAPTER I.—INTRODUCTORY

(1) THE GENERAL OBJECTIVES

It is the purpose of this Long-Term Programme to describe in some detail the policies which the United Kingdom proposes to follow in order to "achieve and maintain a satisfactory level of economic activity without extraordinary outside assistance" by 1952–53. Alone and unaided the United Kingdom could not succeed in this endeavour; strengthened by its close contacts with the other members of the Commonwealth, in co-operation with the other participating countries of Western Europe and aided by the generous assistance afforded by the United States under the European Recovery Programme, it is confident of success. As means to this end, the United Kingdom has undertaken in common with the other participating countries to make the fullest use of productive resources, to increase production, to develop and modernise industrial and agricultural equipment, to maintain the stability of its economy, to expand trade and to join in measures to reduce the barriers obstructing it.

2. The Government must give a clear guide as to the direction and intensity of the sustained and strenuous efforts which will be needed to reach these objectives. In present conditions, the quasi-automatic operation of economic forces could not produce the right results or produce them without immense social upheaval. But large-scale and long-term economic planning in time of peace is a novel field for Government initiative in democratic communities. Moreover, it must never be overlooked that for a democracy economic planning is a means to an end and not an end in itself.

3. Economic planning in the United Kingdom is based upon three fundamental facts: the economic fact that the United Kingdom economy must be heavily dependent upon international trade; the political fact that it is and intends to remain a democratic nation with a high degree of individual liberty; and the administrative fact that no economic planning body can be aware (or indeed ever could be aware) of more than the very general trends of future economic developments. Many of the assumptions about the future on which plans must be based are profoundly uncertain and many economic events are wholly outside the control of any one nation; many can only be partially influenced by international agreements, and those such as the effect of weather on the crops are beyond human control. Even in purely domestic economic matters the means of control which can be effectively used within a democracy are limited. Underlying economic uncertainties there is the factor of political stability in the world at large.

4. It is nevertheless essential to prepare long-term forward programmes in those fields of economic activity in which substantial changes will have to be made if the United Kingdom is to overcome those difficulties which lie within its own power, and to play its full share in the combined task before the O.E.E.C. countries as a whole. To follow any other course would be to jeopardise all hope of recovery. But the uncertainty which necessarily attends the future makes it essential that many of the long-term plans must be kept flexible. A persistent adherence to targets or timetables based on assumptions which have been falsified by events might well be as disastrous as leaving the whole matter to chance.

5. For a nation with an open economy like the United Kingdom, the assumptions and forecasts underlying long-term plans are largely assumptions and forecasts about events overseas and these plans cannot be effectively prepared in isolation in its own capital. They need to be formulated and kept under review in collaboration with countries overseas, and especially, in this case, with the other parts of the Commonwealth, with the countries of O.E.E.C., and with the United States. Such consultation will narrow the range of uncertainty about future developments and thus enable the plans to be made more precise and realistic. Still more, it will allow both the plans of the United Kingdom and the plans of other nations to be modified by agreement to mutual advantage. The benefits of a world-wide division of labour must be secured. Until these possibilities are explored, the plans must remain provisional.

6. Finally, recovery must not be bought at the price of arbitrary and excessive interference with the rights of the individual. The United Kingdom

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

intends to make resolute use of its traditional techniques of financial policy and of the direct public control of certain basic industries. A large measure of control will have to be retained over imports, over the total amount of home consumption, and over the scale and composition of investment. But powers of prohibition and compulsion, though they must be used to set limits to economic freedom, must not be allowed except in very special circumstances to infringe the personal freedom of the individual. The execution, as well as the preparation, of plans must be based upon the willing co-operation and understanding of the general public.

7. For the United Kingdom, therefore, a long-term plan can be no more and no less than a statement of economic strategy. It will not attempt to be a complete and rigid set of instructions for several years ahead. Certain of its parts will be worked out in detail, but its main purpose will be to provide the framework within which more precise short-term plans can subsequently be worked out. The practice of preparing annual programmes has already been established in the United Kingdom and this system has been adapted to the needs and opportunities of the European Recovery Programme in the programmes submitted for 1948–49 and 1949–50. These annual programmes are the necessary instruments with which the broad stategic plans contained in the Long-Term Programme will be given precise content. The United Kingdom hopes, therefore, that the joint discussion and revision of this draft of its Long-Term Programme, side by side with the programmes of the other countries of O.E.E.C., will result in a joint programme and a set of national programmes that will be clear and effective guides in the preparation of the detailed plans in the coming years.

(2) THE PROBLEM BEFORE THE UNITED KINGDOM

8. The crucial immediate problem for the United Kingdom, as for all member nations of the O.E.E.C., is the balance of payments. In some respects, however, the United Kingdom's problem differs from that which faces Europe as a whole.

9. For Europe as a whole in 1947 imports had increased and exports decreased by comparison with 1938; net incomes from shipping and investment had fallen and the world rise in prices had enormously enhanced the monetary measure of the increased deficit. These changes were accompanied by very large structural changes in the pattern of intra-European trade and payments.

10. By contrast the United Kingdom by 1947 had already increased the volume of visible exports to 9 per cent. above 1938; and visible imports were kept 20–25 per cent. below the 1938 level, despite the greatly increased volume of employment and output. Though the terms of trade were 15 per cent. worse than in 1938—in contrast with the experience of most other O.E.E.C. countries—the proceeds of exports paid for a far greater proportion of imports than in 1938. This was a great achievement; but it was more than offset by the loss of investment revenue, and by the increase in necessary Government overseas expenditure caused by the aftermath of war. The result was a current deficit of £630 million in 1947 compared with only some £70 million in 1938. The figures are summarised in the following Table :—

	(*£ million at current prices*)	
	1938	*1947*
Total Payments for Imports (f.o.b.) ...	835	1,540
Receipts for Exports and Re-exports	533	1,102
Deficit on Visible Trade	−302	−438
Invisibles (Net)	+232	−192
Total Deficit	− 70	−630

11. The deficit in 1947 was due wholly to a deficit with the Western Hemisphere of £670 million ($2,700 million); with the remainder of the world the United Kingdom had, in fact, a small surplus. In 1947 by far the gravest problem was therefore the dollar problem.

12. In 1947 the gold and dollar reserves of the sterling area (including the expenditure of loan resources) were subject to a net drain of $4,100 million, of which over $800 million was on account of the rest of the sterling area. These reserves are, of course, the reserves of the sterling area as a whole. Very

large reductions have already been made in this outflow during 1948; in the first half of the year the net outflow was at an annual rate of little over $2,000 million, half that of 1947.

(3) NATURE OF THE SOLUTION PROPOSED

13. The task before the United Kingdom for the next four years, as for the other participating countries, is to close the gap in the balance of payments and to overcome the shortages of essential commodities which were experienced even when expenditure on imports exceeded overseas income by so large a margin. A wide variety of policies must work together to this end.

14. Total home production must be increased. This requires steady increases in productivity and the maintenance of stable financial conditions. Exports must be expanded, and the proportion of imports coming from non-dollar sources must be increased. The general policies which it is intended to follow on these matters are set out in Chapter II.

15. A number of particular industries have especially important parts to play. These are described in Chapter III.

16. A large home investment programme and a careful control of its composition are clearly of great importance. This is discussed in Chapter IV, while Chapter V deals with investment in overseas territories.

17. If these policies are carried through successfully and are accompanied by the development of international collaboration on the one hand and on the other by the continuance of external aid on an adequate scale, it is believed that the objective of stable and satisfactory economic conditions independent of outside aid can be achieved in the United Kingdom in 1952–53. Chapter VI sets out estimates of the balance of payments that might be reached and indicates some of the problems associated with it.

18. In Chapter VII the consequences of the policies and programmes set out in Chapters II–VI to the levels of activity and consumption in 1952–53 are briefly described. Finally, this Chapter emphasises the vital parts which external assistance and international collaboration must play in the development and execution of this programme.

19. Before commencing the full exposition it may be convenient to summarise at the outset certain essential features of these policies.

20. This Programme pays full regard to the obligations entered into under the Convention for European Economic Co-operation signed in Paris on 16th April, 1948, and the Economic Co-operation Agreement with the United States Government signed in London on 6th July, 1948. It is submitted to the Organisation for European Economic Co-operation as a contribution towards the preparation of a joint recovery programme.

21. It has been prepared on the assumption that the obligations of the European Convention will be continuously and progressively implemented during the period to 1952, and that the co-operation thus achieved will continue to bear fruit in later years. The results it is hoped to achieve would be impossible without the continuance of external assistance during the period of recovery and without the closest co-operation with the participating countries and with the other countries of the British Commonwealth.

22. A major objective of the United Kingdom's programme is the maintenance of sterling as an international currency : this in itself is a positive contribution to international economic stability. In order to secure this objective the maintenance of the sterling area gold and dollar reserves is essential.

23. The policies and programmes described are designed to solve both the general balance of payments problem and within this the particular problem of the balance with the Western Hemisphere. The solution of the former is seen to lie much more in the continued increase of overseas earnings than in a reduction of overseas payments. Thus exports in 1952–3 are estimated at 150 per cent. of the volume of 1938, and 38 per cent. above the level achieved in 1947. A very great improvement is also sought in the balance of invisible payments, including under this term earnings from oil. Net invisible earnings are estimated to yield in 1952–53 over $1,000 million against some $950 million, at the present exchange rate in 1938, and a deficit in 1947 of nearly $800 million. Aggregate imports, after allowing for a measure of overseas investment, are expected to

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

remain at around the level now programmed for 1948–9, somewhat above the 1947 level, but still significantly less than pre-war.

24. The programme shows a potential solution of the Western Hemisphere payments problem along the following lines. Starting from the huge deficit of $2,700 million in 1947, it shows a gain in net invisibles of some $600 million, largely due to shipping, oil and tourism. It allows for an expansion of export earnings of $800 million, an increase of some 120 per cent. above the 1947 level, and a reduction of imports of $1,000 million. Even these large changes will still leave some $300 million to be covered by gold or dollar earnings from the rest of the sterling area. These increases in exports and invisibles presuppose an immense effort, and it should be made quite clear that the reduction in imports from the 1947 level is in no way conceived as desirable in itself. This reduction, much of which has already taken place, is in the main a return towards the traditional distribution of imports from the distorted pattern of 1947 when the United Kingdom, in common wih other European countries, was abnormally dependent on supplies from the Western Hemisphere. On present evidence it is not now thought realistic to estimate direct earnings of Western Hemisphere currencies at a higher figure than here shown, or to rely upon earning more gold and dollars by trade with the rest of the world. If in the event it proves possible to increase these earnings further, the Western Hemisphere import programme can be readily increased to the advantage of the United Kingdom economy and without modification to other plans.

25. The eventual balance of payments shown is consistent with levels of production and consumption substantially higher than the present. This is due not so much to the increase in imports over 1947, as to the fact that home production is planned to increase by more than is needed to provide the additional exports. The expansion of home agriculture will enable the level of food consumption to rise considerably above that of 1948–49. Manufacturing output, supported by the increased output of steel and by provision in the import programme of a higher scale of raw material supplies, can be about 25 per cent. above 1947, and the supply of capital equipment to industry about 15 per cent. above.

(4) PROGRESS SINCE 1947

26. The attainment of such levels clearly calls for a sustained effort from the British people. But the substantial progress achieved during the first half of 1948 is solid evidence that it will be forthcoming.

27. The improvement in the balance of payments has been striking. The following table compares the provisional estimate of the balance in the first half of 1948 (expressed as an annual rate) with the figures for 1947 and the estimates for 1952–53 given in Chapter VI :—

UNITED KINGDOM BALANCE OF PAYMENTS ON CURRENT ACCOUNT

(A) *With all Areas*

($ *million*)

	1947 (*Current Prices*)	1948 (*Annual rate*) *January–June* (*Current Prices*)	1952–53 (*Programme Prices*)
Total payments for Imports	6,206	7,150	8,030
Receipts from Exports and Re-exports ...	4,441	5,892	7,377
Deficit on Visible Trade	− 1,765	− 1,258	− 653
Invisibles (Net)	− 774	+ 130	+ 1,053
Balance on Current Account	− 2,539	− 1,128	+ 400

(B) *With Western Hemisphere*

Total payments for Imports	2,885	2,370	1,888
Receipts from Exports and Re-exports ...	661	944	1,455
Deficit on Visible Trade	− 2,224	− 1,426	− 433
Invisibles (Net)	− 476	− 146	+ 142
Balance on Current Account	− 2,748	− 1,572	− 291

Moreover, as already stated, the net drain on gold and dollar resources in the first half of 1948 was at a rate only half of that ruling in 1947.

28. Similar progress has been made with home production. The index of industrial production for the second quarter of 1948 stood at 13 per cent. above the average of 1947. During the same three months, coal production averaged 9 per cent. above the same quarter last year. In the first six months of 1948 steel production was at the annual rate of 15 million long tons compared with a total output of 12½ million tons in 1947. During the second quarter of 1948 cotton yarn output was nearly 20 per cent. above the average for 1947 and rayon yarn about 20 per cent. above. The total value of production of agricultural machinery in the second quarter of 1948 was $67 millions compared with a quarterly average in 1947 of $44 millions. There has been a marked expansion over last year in livestock numbers and in the amount of land under cultivation. Poultry flocks have increased by a fifth and the number of pigs by a third. The rate of exports in the second quarter of 1948 was already more than half-way between that of 1947 and the rate now expected to be maintained in 1952–53 and later years. The increases in the exports of engineering products and textiles are especially notable. Many other examples of steady progress could be given to illustrate the distance the United Kingdom has already gone along the road to recovery.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C224608

CHAPTER II.—GENERAL POLICIES

29. In this chapter are described the policies of a general nature that the United Kingdom intends to adopt in order to guide the nation's effort in the economic field during the next four years. These general policies are fundamental to the success of the more detailed plans and programmes described in subsequent chapters.

(1) THE PROMOTION OF UNDERSTANDING AND COMMON EFFORT

30. The difficulties of the present economic position do not present themselves in an obvious form to the British public. Unemployment is barely noticeable; jobs are apparently secure; industry is finding it easy to earn profits; wages are relatively high; the necessities of life are more fairly distributed than ever before; and because they cannot buy many necessaries, many people have money which they can spend on things which they would otherwise regard almost as luxuries. A real and grave crisis in economic affairs seems remote and unreal. At the same time many workers have in the background of their minds the unemployment between the wars. This comes to the surface when the practical problems of changes in the structure of industry involve changes of employment, and, perhaps, the risk of unemployment in the transition.

31. For this reason it has been, ever since the end of the war, the policy of the United Kingdom Government to give the people at all times the fullest information about the realities of the economic situation, and to impress upon them the need for a high level of production. A large volume of statistics of current economic affairs is published monthly; and every year there is issued an Economic Survey in which immediate needs, prospects and policies are explained as fully and forcibly as possible. Modern techniques of publicity are used to explain and bring home the contents of these surveys, and generally to make known to the nation its fundamental economic problems and the policies necessary for their solution.

32. Techniques of joint consultation between Government, management and labour in the preparation and execution of plans have been widely developed. These are essential to the efficiency of democratic planning and to the promotion of a proper understanding of national problems. At the highest national level the Economic Planning Board, the National Joint Advisory Council and the National Production Advisory Council for Industry are particularly concerned with general policies. For particular industries the Departments concerned have their own machinery for consulting the management and trade union side of such industries at the national level. At the Regional level the Regional Boards for Industry (represented by their chairmen on the National Production Advisory Council for Industry) bring together the regional officers of Government Departments and the two sides of industry. The general purpose of all these consultative bodies is similar; they provide a regular means of consultation between Government, management and labour.

(2) FISCAL POLICY

33. The central principle which guides the financial policy of the United Kingdom was stated by the Chancellor of the Exchequer in opening his budget on 6th April, 1948, "Government expenditure and revenue ought not to be considered in isolation from their effects upon the general economic prospects of the country. . . . . The new task of the Chancellor of the Exchequer is not merely to balance the budget; it is a much wider one—to match our resources against our needs so that the main features of our economy may be worked out for the benefit of the community as a whole."

34. In order to make the fullest use of the available resources, the fiscal policy of the Government must be directed to the maintenance of a high level of employment. It became evident in the course of the year 1947 that a persisting inflationary pressure, originating in the necessities of financing a total war, was liable to impede the course of recovery. The pressure of home demand was competing with the needs of the export drive, both directly and through its tendency to drive up costs and prices. At the same time, an abnormal prosperity was being experienced by all industries, which hindered the best use of resources because of its effect upon the expansion of those industries whose products were most urgently needed from the national point of view. Both the supplementary budget

C224609

of November 1947 and the budget for the fiscal year 1948–49 were designed to correct this situation. In opening the 1948 budget, the Chancellor stated one of its principal objectives in the following words: "Sufficient purchasing power must be withheld by taxation and by voluntary saving to offset the purchasing power created by public expenditure and capital investment." Since the current level of voluntary savings was inadequate to finance the investment programme, the 1948 budget was designed to produce a surplus of revenue over current expenditure of £780 million (over 3 billion dollars), which was expected not only to meet the capital expenditure of the Government but to provide a further sum estimated at about £321 million (over $1\frac{1}{4}$ billion dollars) towards the total saving needed to offset private investment.

35. Thus the policy of public finance is to maintain full employment but to counter any inflationary pressure arising from a deficiency of voluntary saving in relation to the projected level of investment. The application of this policy is a matter of considerable delicacy and it is clearly impossible to forecast the particular form which will be taken by subsequent budgets. The investment policy described elsewhere in this programme, which plays a large part in the plans for recovery, is placing, and will place, a heavy strain on British resources, particularly in view of the objective to eliminate the present overseas deficit within the period of four years.

36. If a deficiency in demand became apparent, the policy of full employment would require an appropriate change in fiscal policy. To quote again from the 1948 budget speech "We must watch the situation carefully and be ready to detect the moment when the inflationary pressure vanishes and gives place to deflationary tendencies; if such a thing should happen, we must then make a rapid readjustment of our economic and financial policies."

37. Within this general framework the fiscal provisions should encourage the general increase in productivity which is looked for during the recovery period; while the system of indirect taxation and of subsidies contributes towards a general policy of price and wage stabilisation. To encourage productive effort the 1948 budget made considerable reductions in the burden of direct taxation on earned incomes and the rates paid on the lower ranges of income were reduced. The policy of food subsidies, which was designed to keep down the costs of essential foodstuffs and thus to support the general objective of costs stabilisation referred to in the following section, was continued. One of the problems of an inflationary situation is the difficulty of securing the redeployment of labour into the more essential but not always the more attractive industries, and the present fiscal policy, accompanied by the measures described below, is designed to assist this movement.

(3) POLICY IN RESPECT OF PERSONAL INCOMES

38. A general increase in the level of personal incomes unless matched by increased production would merely raise costs and prices, imperilling the drive for exports and imposing hardships on all those with fixed incomes. Ultimately a continued movement of this kind must bring economic ruin and social breakdown. All are agreed that it must be prevented. In the United Kingdom wages are determined by collective bargaining. These methods of free negotiation and agreement have had great success. In the last three years only 10 million days' work have been lost in industrial disputes compared with practically 150 million in the same period after the first world war. It is the Government's constant concern to assist the two sides of industry in developing their machinery for joint negotiation and the settlement of disputes. Owing to the awareness by both sides of industry of their responsibilities, movements of wages and prices have not been so rapid as to cause fears of a runaway inflation. The Government has, however, issued a statement setting out certain vital principles for the guidance of those responsible for determining the level of personal incomes from whatever source. The Government at the same time announced as its policy that when remuneration is increased in any class of employment there can be no presumption, whatever may have been the practice in the past, that the resulting costs will be taken into account in settling controlled prices, charges or margins, or other financial matters requiring Government action. Another problem which is being faced in the United Kingdom concerns traditional or customary relationships between personal incomes which tend to persist in spite of changed

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

conditions. The important industries now short of manpower have in the past been generally the worst paid, and there has been general approval of the movement which has greatly improved the relative earnings of coalminers, farm workers, textile workers and others in essential occupations.

(4) SPECIFIC MEASURES TO SECURE THE REDEPLOYMENT OF MANPOWER

39. Certain specific measures to secure the redeployment of manpower have also been adopted. Publicity has been used to dispel exaggerated beliefs about conditions in undermanned industries, and to explain the national importance of recruitment to them. In certain cases priority has been given to the building work required to modernise and improve working conditions and to the construction of new houses and hostels in areas where shortage of accommodation is an obstacle.

40. In 1947 certain direct controls were reintroduced. By one Order employers were required to engage their workers. and workers were required to take their jobs, through the machinery of the national employment service. By another, unoccupied persons of certain categories were required to register for employment. Both orders were supported by the use of the Minister of Labour's powers compulsorily to direct labour to specific employment. The great majority of workers, however, willingly accepted guidance into essential employment and direction has been used only in a very few cases when a worker has refused to take any form of essential work. The need for continuance of these direct controls is kept continually under review.

(5) IMMIGRATION AND EMIGRATION

41. Both to assist in recruitment for essential undermanned industries and also to make a contribution to the problem of displaced persons and of the mobility of European labour reserves, the United Kingdom has welcomed a substantial body of immigrants. Since the end of the war nearly 200,000 foreign workers have been settled here on a permanent basis. Some 70,000 of these were displaced persons, and indeed in this way the United Kingdom has afforded asylum for more displaced persons than any other country in the world. Many other immigrants who have settled permanently were at one time members of the Allied Forces, particularly Poles. In addition, permits for some 50,000 other foreign workers have been issued for employment on an individual basis. All workers so admitted have, of course, been employed at wages and on conditions not less favourable than those applicable to British workers. For the future, for any approved demands which cannot be met by British workers recourse will be had in accordance with existing policy to the recruitment of foreign workers, subject to adequate housing being available. As regards emigration, it is open to British subjects to leave the country as they wish and to move to any countries which are ready to receive them, though that movement is in fact hampered by lack of shipping facilities and by exchange limitations. In the case of schemes approved on economic and other grounds, the Government facilitates recruitment and movement of persons of the kind which the receiving country desires to secure.

(6) POLICIES RELATING TO PRODUCTIVITY

42. The labour force of the United Kingdom is now fully occupied and the numbers available for work may be somewhat less in five years' time. The proportion of the total population which is of working age is becoming smaller, while the average age of the working population is increasing. Increased productivity per head is therefore the only means of solving the present economic difficulties while maintaining and improving the standard of living.

43. Increased productivity partly depends on the maintenance and improvement of capital equipment, both building and machinery. This is recognised in the investment programmes discussed in Chapters III and IV but, as there explained, there are severe limitations on what can be done, and careful measures have therefore been adopted to put the available resources to the best uses, and so make good shortages of new equipment by the more efficient use of existing plant, *e.g.*, by improved layout and adaptation. Improvements in productivity also depend on an adequate flow of raw materials. In regulating import programmes care has to be taken to see that this is not checked by avoidable shortages of imported supplies.

44. In addition research has an important part to play. The contribution of the State to industrial research has been greatly increased, directly through the research establishments administered by the Department of Scientific and Industrial Research and indirectly through Industrial Research Associations fostered and financially assisted by the Department, of which there are now thirty-six. Much of the work of these bodies will only bear fruit after a long interval; but they are being encouraged to concentrate on the solution of immediate problems and on the widest and most prompt dissemination of their findings. There is also being set up a National Research and Development Corporation, financed from public funds, to take over inventions from Government Research Stations and universities, develop them to the stage at which they are commercially useful and license them out to industry. The Corporation will also take up private inventions of public interest which would otherwise fail to be properly developed. These are steps undertaken by the State. The research expenditure of private industrial firms is equally important. It has recently been estimated that this expenditure is now ten times as great as it was before the War. The combination of intensive research with the traditional skills of British industry will ensure that United Kingdom products remain in the van of technical progress.

45. Most active efforts are being made to increase technical skills. There are to-day twice as many students in the scientific and technological faculties of the Universities as there were in 1938; there are more than twice as many in Technical Colleges. The number of young employees released in working hours for technical education has been quadrupled. The limitation on still further expansion is mainly one of premises; special attention is being given to this in the investment programme. A number of National Colleges for advanced technological education for particular industries are being established. The creation of apprenticeship schemes has the active support of the Ministry of Labour and the training of supervisory workers on the lines of the Training Within Industry Scheme introduced in the United States during the war has been promoted with considerable success. The Ministry of Labour also provides intensive courses in skilled crafts for adults needing this training.

46. The average level of effort, the intensity and length of work, and the adaptability of labour are greatly influenced by a better understanding of economic problems. Information policy seeks to secure this, while fiscal policy attempts to ensure that monetary incentives can operate effectively by maintaining a reasonable stability of prices and money values. Joint consultation between management and employees in industry, which is being developed with the encouragement and assistance of the Government, is also helping toward an effective productive effort.

47. Managements throughout the country are seeking to improve managerial efficiency. To encourage this process, the Government has financed the setting up of the British Institute of Management to collect and spread information on the best management practice, to undertake further research and to encourage education in this field. The research organisations already mentioned also have an important part to play. The object in all this work is especially to raise the level of the bad and the less good to that of the best.

48. This desire for greater productive efficiency must not be impeded by monopolistic practices. Recent legislation has made provision for a Monopolies and Restrictive Practices Commission to enquire into any industrial and commercial arrangements of a restrictive or monopolistic character which are referred to it by the Government. Power has been taken to deal by Order, subject to the approval of Parliament, with arrangements which are found to operate against the public interest.

49. In the whole matter of productivity valuable advice is expected to be obtained from the joint Anglo-American Council which is being set up by the two sides of industry, by British and American management and labour, to exchange information about their industrial experience.

50. There is clear evidence that the measures taken so far are meeting with a substantial response. It is broadly estimated that during the past two years the volume of physical output per worker in manufacturing industry has regained the pre-war level. An important contribution to this remarkable progress has, of course, been the maintenance of industrial peace to a much greater extent than might have been expected in this difficult period of readjustment or as compared with the experience in the corresponding period after the 1914–18 war.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

(7) CONTROLS OVER HOME PRODUCTION AND CONSUMPTION

51. Many types of food, fuel and clothing are at present rationed and the Government controls the prices of nearly all foodstuffs and consumer goods and of many raw materials and semi-manufactured goods as well as the charges for some services. These consumer rationing schemes are necessary to-day to secure "fair shares" of essential goods in short supply and to moderate inflationary forces. More directly affecting specific production plans, both in industry and agriculture, are licensing controls over production and allocation or rationing schemes for materials. In the past these have, in conjunction with price controls over certain materials and semi-manufactured goods, served the same anti-inflationary purposes as consumption controls, and they have moderated the severe dislocations that maldistribution and scarce supplies would have caused. They have, moreover, immensely helped the export drive, and the breaking of particular bottlenecks in home production, and secured the devotion of productive resources to the most essential purposes.

52. All these rationing schemes are costly in money and in manpower to administer but the possibility of bringing them to an end depends upon a variety of factors, such, for instance, as the balance between demand and supply, the need to secure fair shares of essentials, and, in the case of food, the securing of proper nutritional standards. It cannot be entirely a coincidence that despite the strain of war and the limitation of supplies of many valuable foodstuffs in the last few years, the general health of the British population has continued to improve, as may particularly be seen from the trend of the infant and maternal mortality rates.

53. Controls over production, however exercised, undoubtedly restrain initiative and enterprise. They are being simplified wherever possible. They are means to an end, not ends in themselves, and will be abolished as soon as their advantages appear to be outweighed by their disadvantages. But they will be retained so long as they are needed to implement production plans and in some cases it is unlikely that they can be relaxed for several years.

54. For the future, food rationing will have to be continued as long as is necessary to secure the allied objectives of fair shares and nutritional standards. Other rationing schemes for essential consumer goods can be removed as demand and supply come more into balance.

(8) THE STRENGTH OF STERLING

55. The external economic policies of the United Kingdom to which the remainder of this Chapter is devoted have as their primary objective the attainment of a stable balance of payments. The governing principle behind them is that the sterling area gold and dollar reserves must be maintained throughout the period of the economic recovery programme, and that in consequence expenditure of gold and dollars must be limited to the amount of gold and dollars earned together with the amount of external aid received.

56. The whole of the United Kingdom's balance of payments policy thus rests on the maintenance and strengthening of sterling as an international currency. Not only is this vital to the immediate interests of the United Kingdom; it is equally important to the other members of the sterling area and to all other countries which conduct much of their trade in sterling. This policy is itself a positive contribution to international economic stability.

(9) EXPORT POLICY

57. Among policies dealing directly with the problem of the overseas deficit, the expansion of exports takes first place. But it is obvious that it is impossible to "plan" to sell a given volume of exports in any given period since a willingness abroad to buy is as important as the United Kingdom's capacity to supply. A number of domestic policies are directed to ensuring that, wherever possible, ample supplies are available for export. The Government has established the practice of laying down each year, in consultation with each industry, a series of export targets, and has appealed to industry, with very considerable success, to co-operate in reaching them as a matter of national endeavour. Supporting this voluntary effort, general fiscal measures help to prevent the pressure of home demand from restricting export supplies and to secure that production for export is at least as profitable as production for the home market. So long as physical controls over raw materials and production are available, they provide a further means of seeing that production for export is kept at the highest possible level.

58. The means open to Government of directing exports to particular markets are necessarily limited. The growth of British exports rests on innumerable separate transactions. The building of a connection for a steady trade in any individual market is slow and costly and it is rarely possible to switch selling effort quickly from one line or market to another. The policy of the Government has, therefore, been to indicate in broad terms the markets to which it attaches most importance. Special emphasis has been laid on sales to the Western Hemisphere, and assistance is given to manufacturers seeking to promote such exports. These efforts will, however, be fruitless unless exporters are given the opportunity to enter these markets.

59. As already pointed out, neither these nor any other export policies can guarantee a given expansion of exports. Planning cannot be based upon an ideal figure: it must work on a realistic assessment of probable trends. In the provisional estimates of the overseas balance in 1952–53 given in Chapter VI, the volume of exports of 150 per cent. of 1938 has, for reasons there stated, been taken as such a realistic assessment. But it is in no sense a maximum and policy will be adapted to achieve a higher level if sales opportunities allow.

(10) IMPORT POLICY

60. The nature of British imports, which are mainly primary products, is such that planning measures can be applied so far as this is necessary. Despite the utmost exertions in the export field, the volume of imports is bound to remain below the pre-war level well beyond 1952–53, and Government control over imports is expected to be required in 1952–53 and for some years thereafter.

61. In addition to the need to keep imports down to a total consistent with its overseas earnings, the United Kingdom is compelled to pay careful regard to the sources from which it secures these imports. The achievement of a stable balance of payments requires, according to any realistic analysis of possible world economic trends, a change in the distribution of imports from the acutely distorted pattern of 1947. In particular, as is explained in more detail in Chapter VI, imports from the Western Hemisphere in 1952–53 seems likely to be some 17½ per cent. below the planned level for 1948–49, which is in turn below the 1947 level. This contraction, which is a matter of necessity and not choice, involves a considerable change in the source of supply of a number of commodities. In the majority of cases the increased production in the sterling area is being achieved by private capital in the ordinary course of business. Special Governmental arrangements are, however, made, especially as regards food supplies, and these often take the form of long-term contracts to give assurance to the producer of a market for his crop. Developments in the associated overseas territories are described in Chapter V.

(11) THE OBJECTIVE OF MULTILATERALISM

62. The prospective position of the United Kingdom in 1952–53, as set out in Chapter VI, underlines the importance of working for the application of multilateral principles of trade and finance over increasingly wide areas. The United Kingdom's balance of payments policy is designed to encourage movement as fast as possible in this direction. The impossibility of maintaining the convertibility of sterling which was attempted in 1947 made it necessary to embark upon a system of bilateral agreements in order to secure the continuance of as large a volume of international trade as possible. But these agreements have been expressly directed to expand trade by allowing each party to use its purchasing power in the other country in the way that suits it best and thus to maintain the exporter's confidence in the continuance of his market and to counter any danger of a downward spiral in international trade. Throughout the difficult post-war period the United Kingdom has remained the centre of the largest multilateral trading system in the world—the sterling area—and has sought, wherever possible, to extend the field of uses to which sterling can be put. During the E.R.P. period the United Kingdom will seek progressively to widen the scope of multilateral trade and payments agreements. It has already taken its full share in the formulation of the new Intra-European Payments Scheme.

63. In considering the long-term O.E.E.C. programme, the United Kingdom would, therefore, deprecate attempts to work towards complete bilateral balance even between broad geographical groups. On present calculations, it

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

seems likely that the sterling area as a whole will tend to be in surplus with the other participating countries. It is not expected that in the early 'fifties the other participating countries will in general be able to finance such a surplus in dollars or gold, and so contribute to meeting the United Kingdom's dollar deficit. But it is thought possible that part of this surplus could be matched against the sterling area's deficit with certain other non-participating countries in the Middle East, in Eastern Europe and in South America. For example if the sterling area were in deficit with Brazil, and if France had a surplus with Brazil and a deficit with the sterling area of the same amount, it would be possible to clear these deficits against one another provided that appropriate payments arrangements existed. The development of multilateral payments arrangements between the participating countries and their monetary areas should not be allowed to develop in any way which would prejudice the matching of surpluses and deficits over a much wider field.

64. How fast the United Kingdom will be able to modify its own trading and financial policies in the direction of a more complete multilateralism depends upon a number of factors outside its control. No multilateral system can work while large disequilibria exist in important trading countries' balances of payments either in the creditor or debtor sense. The necessary structural changes have to be made in each country's pattern of production, consumption and trade before a sound multilateral system can be firmly established.

(12) THE EXPANSION OF INTERNATIONAL TRADE

65. Subject to the overriding objective of achieving a balance of payments, it is the policy of the United Kingdom to expand the total volume of international trade to take the fullest advantage of the international division of labour. To this end it has participated in international negotiations designed to reduce the obstacles to the free interchange of world production and services.

66. As regards the obligations assumed by signatories under Article 6 of the Convention, the Government of the United Kingdom, by their provisional application from 1st January, 1948, of the commitments under the General Agreement on Tariffs and Trade for the reduction or elimination of a number of tariffs and preferences, have already taken practical steps towards the fulfilment of the objectives both of the Convention and of the Havana Charter as is recognised by Article 17 (3) of the latter document. They are continuing as Contracting Parties to the General Agreement to co-operate with other countries in discussions directed to the expansion of international trade on a multilateral basis. The United Kingdom will take part in the further tariff negotiations to be held next April with the object of bringing a number of additional countries within the scope of the General Agreement.

67. The shipping policy of the United Kingdom has been directed to the removal of all obstacles to the free international circulation of shipping. In particular, the United Kingdom has been active in the promotion of the Convention for the setting up of the Inter-Governmental Maritime Consultative Organisation, one of the objectives of which is to "encourage the removal of discriminatory action and unnecessary restrictions by Governments affecting shipping engaged in international trade so as to promote the availability of shipping services to the commerce of the world without discrimination."

(13) INTERNATIONAL CO-OPERATION

68. The external policies described in the preceeding five sections will require for their successful fulfilment a very large measure of international co-operation with the other participating countries and the other countries of the British Commonwealth in all matters affecting overseas trade and economic affairs. In particular they imply a continuous observance of the principles laid down in the Convention for European Economic Co-operation and the Economic Co-operation Agreement with the United States Government. As part of this co-operative endeavour the United Kingdom attaches special importance to the studies of the "fields of activity" which are being undertaken by the O.E.E.C. in order to expand the production of essential supplies by, or in collaboration with, the participating countries. It is hoped that other projects likely to offer prospects for successful co-operation will suggest themselves when the national programmes are jointly examined in Paris. The United Kingdom will play its full part both in the exploratory work and in implementing any agreed projects that may emerge.

CHAPTER III.—MAJOR INDUSTRIAL PLANS

69. This chapter discusses the production policies of various industries which will have a large part to play in the economic recovery of the United Kingdom.

(1) AGRICULTURE

70. Before the war imports of food and feeding-stuffs accounted for 47 per cent. of total imports. Plans were announced in 1947 which sought to secure by 1952 an increase in the net value of annual agricultural output 15 per cent. above the wartime peak of 1943–44. This should yield in terms of calories for human consumption one-third more than before the war. In addition increased home output will save the equivalent of 4 million tons of imported feeding-stuffs. Production at this level would exceed the highest output hitherto known by the agricultural industry.

71. The production targets for the principal crops and livestock products for 1952–53 as compared with figures for earlier years are as follows :—

	'000 *metric tons*			
	1934–38 *Average*	1947–48 *Actual*	1948–49 *Programme*	1952–53 *Programme*
Bread grains	1,751	1,716	2,284	2,764
Coarse grains	2,876	4,585	5,277	5,644
Meat and bacon	1,485	885	958	1,468
Milk and milk products	703	913	938	1,067
Potatoes	4,951*	7,890	10,100	7,750
Sugar beet (roots)	2,785*	2,932	3,650	3,650

* 1936–39.

Separate figures for production of the main livestock products may be summarised as follows :—

	1952–53 *as per cent. of* 1936–39
Milk	123
Beef and Veal	110
Mutton and Lamb	83
Pigmeat	92
Eggs	131

72. The acreage of wheat in 1951–52 has been set at 2¾ million acres. This is considered to be the highest that can be maintained as a permanent feature of British farming without an acute distortion of the general farming pattern and a loss of soil fertility. As the supply of alternative foods improves it is intended to reduce the area devoted to potatoes to approximately 50 per cent. above pre-war. Vigorous efforts are being made to extend the cultivation of linseed, a new crop which is of particular value as a source of cattle cake and of oil for industrial purposes.

73. The expansion of livestock production necessitates larger acreages under coarse grains and other fodder crops if dependence on imported feedingstuffs is to be reduced. Substantial improvements are being planned in grass production and grass drying. Special emphasis is being laid on ley farming as a means of maintaining the arable acreage and at the same time improving the yield of grass for feeding purposes. The planned increases in livestock production are very large by comparison with current levels of output, which reflect the shortage of feedingstuffs, the results of the wartime reduction of flocks and herds and, particularly in the case of sheep and lambs, the heavy loss in the hard winter of 1946–47.

74. The following specific measures for achieving the objectives may be mentioned :—

(*a*) *Provision of Farm Buildings.*—It is hoped to provide approximately $400 million of farm buildings in the next four years. These include steel Dutch barns and buildings to house grain-drying plant.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

(*b*) *Provision of Machinery.*—Rapid progress has been made over recent years in the mechanisation of United Kingdom agriculture, and it is now one of the most highly mechanised in the world. The number of tractors of all kinds in use has risen from some 50,000 in 1939 to over 250,000 to-day and big developments have taken place in the employment of other implements. Over the next four years farms will require replacements and new machinery at the rate of $200 million a year. The total tractor strength will be maintained at about 275,000 to 300,000, the increase over mid-1948 being mainly in the number of heavy types, including crawlers; the number of combine harvesters will rise from 6,500 to at least 11,000, which is the figure planned for 1950, and grass driers from 400 to at least 1,500 The United Kingdom already supplies most of her own requirements of agricultural machinery and has developed a substantial and expanding export trade which is of increasing assistance to other participating countries and to world food production generally. Research workers are examining the problems of agricultural mechanisation, including the standardisation of machinery.

(*c*) *Fertilisers.*—The quantity used in 1947–48 was more than double that used before the war, but consumption will need to be further increased by at least one-fifth if the expansion programme is to be carried out. Despite the fact that this year more fertilisers have been produced in the United Kingdom than ever before, the country is still dependent upon imports. For example, all supplies of potash and phosphate rock have to be imported.

(*d*) *Maintenance and Improvement of Land Drainage and Water Supplies.*—By 1952–53 $60 million will have been spent on improving main arterial water courses. About 2½ million acres of land will be improved by the clearance of farm ditches and field drainage during the next four years at a cost of $36 million. About $32 million will be spent on providing piped water supplies to farms. Between 1 and 1½ million acres will benefit.

(*e*) *Feedingstuffs.*—Imports of feedingstuffs included in the programme for 1952–53 though more than at present, will still be below the pre-war level. The increased production of feedingstuffs at home is therefore vital to the expansion in livestock. Subject to the maximum practicable production of bread grains, farmers are at present allowed to grow fodder crops, *e.g.*, oats, mixed corn, and to retain these crops for feeding to their own stock; they may also retain strictly limited quantities of wheat, rye and barley. There is strict control of distribution and methods of utilisation both of bread grains and of animal feedingstuffs, and virtually all the feedingstuffs imported, manufactured within the country, or sold off farms are distributed through the feedingstuffs rationing scheme. Quantities of grain of their own growing retained by farmers are taken into account in the allocation of feedingstuffs rations to them. As stated in paragraphs 47–51, controls must be continued for some considerable time, but may need to be modified to conform with the increased home production of fodder crops and with the changes in imports of feedingstuffs so that the best use is made of all available resources for achieving the desired expansion of livestock production.

(*f*) *Finance.*—The total fixed investment required in the industry in four years up to the end of 1952 is estimated at approximately $1,800 million, about half of which will be spent on machinery. Prices of farm products have been raised to help the farmer to finance this investment and to increase his livestock. *Ad hoc* grants or subsidies are also given to encourage desirable developments such as the ploughing up of grassland of three years or over. The Government has undertaken to reimburse Artificial Insemination Centres for any losses they may incur in the early years of their activity. Under the price-fixing mechanism of the Agriculture Act 1947, the farmer is assured that the prices of crops will be fixed eighteen months ahead and, in the case of livestock and livestock products, minimum prices are made known two to four years ahead.

75. The fulfilment of the programme depends ultimately on the skill and initiative of the farming community. Each county has an Agricultural Executive Committee, consisting of representatives of farmers, landworkers and landowners to ensure by propaganda and persuasion that the crop targets are achieved and to assist farmers by the hire of machinery and supplementary labour, by contract services and by the provision of short-term credit facilities. Working with these committees is the National Agricultural Advisory Service of about 1,300 qualified technical officers, available to advise farmers on all questions of technical improvement and efficient production. Special attention is being given to grassland improvement. Where advisory methods fail to secure greater efficiency, the Agricultural Act 1947 gives the County Agricultural Executive Committee powers to enforce standards of good husbandry, even to the point of dispossessing inefficient farmers. The Act also enables the Minister of Agriculture, subject to Parliamentary approval, and for one year at a time, to authorise the committees to issue directions to farmers in order to maintain the national food supply. These powers have been invoked, where necessary, in order to ensure the essential expansion of the tillage area in 1949. Corresponding powers and machinery exist in Scotland.

76. Agricultural research will play an important part in raising efficiency. The Research Institutes guided by the Agricultural Research Council are very active, and an Agricultural Improvement Council sees that the results of research are made known and used. A series of experimental husbandry farms and horticultural stations has been set up to enable research workers to test the results of their research work under practical farming conditions.

77. The expansion programme will require about 75,000 more civilian agricultural workers than in 1946. The provision of more rural housing to enable the recruitment of more British workers and their families is an important part of the campaign. Farm workers are not called up for military service. 32,000 Poles and European Volunteer Workers had been recruited for permanent settlement by June 1948. Most of these workers are being accommodated for the time being in hostels. In addition 23,000 German prisoners of war have been allowed to stay as civilians at their own request.

78. The programme will still leave the United Kingdom the world's greatest food importer, and it would certainly be the Government's hope that, if the means of payment could be found, a still larger volume of food and feedingstuffs imports than is shown in the 1952–53 estimates could be acquired.

79. *Fishing.*—By 1952, about eighty new trawlers will be in commission with an average capacity of up to 700,000 lbs. of fish. As a result it is hoped by then to expand output by about $32 million a year. Landings will then be well above pre-war. New factories planned by the herring industry for the production of herring oil and meal will also be in operation. Regard is being paid to the necessity of preventing over-fishing in the North Sea and the majority of the new vessels now being built will be fishing in other areas.

(2) COAL

80. The United Kingdom is almost completely dependent upon coal for industry, trade and domestic purposes since indigenous supplies of other fuels are insignificant. Coal has also been a traditional export, valuable both for itself and because it has provided an outward freight for the shipping industry and thus reduced the transport cost of imported food and raw materials.

81. The importance of coal exports is now greater than ever before since it can directly reduce the dollar expenditure of other European countries. In 1947 shipments of United States coal to the participating countries amounted to 36 million tons, at a cost (excluding freight) of about $337 million. The estimated figures for 1948 are 25 million tons and $275 million respectively. The substitution of this quantity of American coal by British or other European coal is clearly essential to the restoration of Europe's balance of payments. Furthermore, coal exports to Canada and Argentina can be useful earners of hard currencies.

82. For these reasons a large increase in British coal output is planned for the four-year period. Output has already recovered a good deal of ground since 1945, when it amounted to only 186 million metric tons, rising to 193 million tons (184 million deep-mined) in 1946 and 201 million tons (190 million deep-mined) in 1947. During the first 35 weeks of 1948 output has been 9 million

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

metric tons above the output for the corresponding period of 1947. Output per man-shift rose from 1·02 metric tons in 1945 to 1·05 in 1946 and 1·09 tons in 1947, and is currently about 1·12. Exports and foreign bunker shipments have increased from 5·4 million tons in 1947 to the current rate of 20 million tons a year. The commitment to supply 13 million tons of solid fuel exports to participating countries and bunker shipments in 1948, promised in Paris in July 1947, is well on the way to fulfilment. Substantial shipments are also being made to the American continent. The sharp rate of increase in exports is, however, partly due to a reduction in stocks at home which cannot, of course, continue. Consumption in the United Kingdom has been kept down by restrictions on the use of domestic coal, gas and electricity, by the more efficient use of fuel, and by the effective use of the dirtier coals which have had to be used because of the shortage of cleaning plant.

83. The aims are to produce over the next four years sufficient coal and coke to meet all the requirements of this country at the lowest possible cost in materials and resources, to ensure that the solid fuel needs of Europe will be fully satisfied from European (and in large part from British) sources, and to increase shipments to South America and Canada. So long as abnormal conditions prevail it is only possible to guess at the level which internal demand would reach were supplies freely available. In the export markets uncertainties exist as to the speed of industrial recovery in the participating countries, the availability of additional supplies of solid fuel from Germany and Poland, the total European demand for solid fuel, the prospects of selling British coal in South America, Canada and other distant markets, and the availability of particular qualities of coal. The appraisal of these prospects is clearly a field for European consultation. It has been assumed, however, that demand for United Kingdom exports and bunkers will reach by 1952–53 a level of 40 million metric tons. It should be practicable to meet that demand with a total production (including opencast production) of between 250–260 million metric tons. This will require over the next four years an increase of some 40 million metric tons of deep-mined coal. It implies an annual increase of about 5 per cent. in output per man-year, a rate substantially higher than has ever been sustained for a long period by any large section of industry. To achieve such an advance will involve a tremendous effort. It means nearly doubling the rate of expansion thought possible for other industries.

84. All this will have to be achieved in the early stages of a long-term programme, involving radical reconstruction of the whole industry, which is expected to extend over a 15-year period. A rapid development in productivity during this time will be hard to achieve, especially as it will necessarily take a long time to complete the underground haulage reorganisation, and the design and construction of large-scale surface cleaning plant, upon which much reliance must be placed for increased productivity and improved quality. Every effort will also be made to reduce internal consumption by the more efficient use of our fuel supplies—a field in which very considerable success has already been achieved.

85. Underground haulage productivity must be raised as quickly as possible from the present figure of about 5 tons a manshift to 20–25 tons obtained in the most modern European mines. This is largely a matter of replanning and driving tunnels for locomotives. For reasons of working space the speed at which tunnels can be driven is limited, and, because of the age of British coal mines and the great distance of most workings from the deep shafts, these new tunnels must be long. Improved haulage will make mining operations run more smoothly and release men in considerable numbers for face work.

86. Many surface cleaning plants are already in hand, and plants ordered or projected should be able by 1952 to deal with 70 per cent. of total coal output. These plants will release men from hand picking coal, and the coal produced from them will be burnt at higher efficiencies.

87. Productivity at the coal face is already highly mechanised with 75 per cent. of the output mechanically cut and face conveyed in 1947. The chief means of improved productivity by further face mechanisation must, therefore, be looked for in the installation of mechanical loaders. Geological conditions in the British coalfields, however, do not lend themselves readily to this form of mechanisation by reason of the great depths at which many seams are worked with consequential difficulties in roof control.

88. During the four years ending December 1952 the Coal Board expect to invest nearly $600 million on development and reconstruction, including plant replacement. A large part of this expenditure will be devoted to the three principal mining activities referred to above. In addition it is proposed progressively to close down the less efficient mines, to concentrate working within existing collieries, and to undertake an extensive programme of drift mining. At the same time plans are being worked out for the major reconstruction of existing collieries, new sinkings and the like, which can hardly be expected to yield any considerable returns by the end of the period.

(3) OIL

89. The world's current consumption of oil is already 70 per cent. higher than in 1938. The United States of America's present consumption alone is about equal to the world's total consumption in 1938, and as the United States of America has now become a net importer of oil—it has been for years a very considerable exporter—the shortage for the rest of the world is an acute problem. A very large expansion of oil production is, therefore, necessary if economic recovery in Europe and the development of those territories to which Europe must increasingly turn for her supplies of food and raw materials are not to be retarded.

90. The United Kingdom has a special interest in the expansion of oil supplies. In spite of the fact that the output of the British oil companies is much greater than consumption in the United Kingdom, particularly at the very restricted level which it has imposed upon itself, the oil industry makes at present the largest single claim for dollar expenditure. The British-controlled oil companies are engaged in a highly complex foreign trade. Their activities involve large dollar expenditure both for operating expenses and the purchase of equipment. In addition, large quantities of oil are still having to be purchased by British companies from United States companies to meet their market requirements in non-dollar areas. A substantial part of this dollar expenditure is incurred in order to make oil available to the participating countries of Europe. In all, the British companies sold for inland consumption over 10 million metric tons of oil to the participating countries (excluding the United Kingdom) in 1947. This will rise to about 13 million tons in 1948 and will then constitute 40 per cent. of their total estimated oil supplies. These supplies are essential to the economic recovery of the participating countries; trade and industry would be most seriously dislocated if they were withheld. When it is appreciated that this assistance to recovery and development of the European recovery is made at the cost of a substantial drain on the United Kingdom's gold and dollar resources it will be realised that the United Kingdom's oil supplies constitute an altogether outstanding immediate contribution to European collaboration.

91. To deal with this situation oil production and refining capacity by British companies are being expanded both to reduce the need to purchase oil from dollar sources and to enable more oil to be sold to dollar purchasers. British companies (including under this heading the Royal Dutch Shell group) produced 46 million tons of crude oil in 1946 and nearly 54 million tons in 1947. This year it is hoped to increase production to 64 million tons. In 1953 the expansion of the industry should yield approximately double the 1947 output.

92. The main contribution will come from the development of concessions held outside the dependent overseas territories, principally in the Middle East and Venezuela. Production in British Borneo and Trinidad, about 4½ million tons in 1947, is expected to increase to about 6 million tons, as a result of extensions in hand.

93. An important feature of the expansion programme is the development of refinery capacity. A large industry will be established within the United Kingdom capable of treating nearly 20 million tons of crude oil a year, compared with a through-put of 2½ million tons in 1947. Seven new refineries or major extensions will be erected in the United Kingdom at an approximate cost of $500 million. Work has already begun on three of them. This ambitious project will make a major change in the oil position of the United Kingdom. Imports of crude oil will increasingly replace imports of refined products and give rise to large savings in foreign exchange.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

The new plants will result in a much greater variety of products being refined in the United Kingdom and will stimulate the development of a petroleum chemical industry capable of producing many organic chemicals now imported from hard currency sources. Refinery capacity owned by British companies outside the United Kingdom is also being increased considerably. A new refinery is now under construction in Venezuela, while increases in capacity in Holland, the Middle East, and the East Indies are already under way or planned. Capacity overseas will be increased by more than 40 per cent. compared with 1947.

94. With regard to the pipe-line projects, increased output in the Iraq fields will necessitate increasing the capacity of the existing pipe-lines which carry the oil to the Mediterranean coast. British companies in conjunction with American companies also have plans for building pipe-lines to carry crude oil from the Persian Gulf to the Mediterranean coast.

95. The programme of the British oil companies is vast. If it is successfully carried out, it is estimated that the dollar-saving and dollar-earning effect of the increased output will reduce the net dollar drain on oil in the United Kingdom balance of payments very considerably. The increased availability of sterling oil will, of course, make it possible for British companies to play their part in meeting the rising needs of the rest of the world including the sterling area and participating countries and will be an important contribution to the Recovery Programme. But it will be possible to achieve these objectives only if the large quantities of steel and steel equipment required for the programme are made available to the companies. It is estimated that in 1949–52 over 1 million tons of steel will be needed for plant and buildings over and above 2½ million tons for maintenance, production and marketing. Part of this can only be obtained from the United States. The rest must come from the United Kingdom and other continental steel producers can help in this by increasing their supplies to the United Kingdom of the steel it needs. The satisfaction of current requirements is already placing a heavy strain on United Kingdom steel supplies. While more steel will become available for oil development as United Kingdom steel production expands, it is clear that the carrying out of the full programme in good time and the meeting of this large demand for steel will require the co-operation of other participating countries, who will so largely benefit from it.

(4) IRON AND STEEL

96. The United Kingdom steel industry is now operating at the full stretch of its steel-making capacity. The official target for output of crude steel in 1948 is 14·7 million ingot tons, but there are good hopes that this figure will be exceeded. Produetion up to the end of August was at a rate equivalent to 14·9 million tons a year, and for many weeks output has been maintained at an annual rate of over 15¼ million tons. Home output of crude steel in the United Kingdom is not, however, sufficient to meet demand. There is an excess of finishing capacity, but it has not been possible to obtain sufficient supplies of imported semi-finished steel to employ this capacity fully.

97. A review has recently been made of the probable demand for steel in the United Kingdom in the 1950's. This indicates a total requirement for home and export in the region of 18¼ million ingot tons a year. Consumption for home use, including consumption in the manufacture of goods for export, is estimated at 15¾ to 16¼ million ingot tons. The possible demand for steel for export as such has been estimated at 2 to 2½ million ingot tons. This may be compared with actual supplies for all purposes, including exports, of 14·4 million ingot tons in 1947 and 13·2 million ingot tons in the years 1937–38.

98. The considerable increase in the estimated requirements of steel in the 1950's as compared with pre-war arises from three main causes. First, there has already been a very great substitution of steel for timber—for example, in coal mines and in the building of railway wagons. This tendency may be expected to continue. Second, a large part of the expected expansion of exports is in engineering products. Third, the high level of investment needed to restore and modernise the industries of the United Kingdom will make demands on steel which will certainly continue for some years beyond the period of this Programme.

99. Since the war ended the steel industry has embarked on a major re-equipment and development plan, the first stage of which is estimated to cost about $1,000 million. Included in this figure is certain specialised plant (in particular a continuous strip mill), valued at $70 million, which is being obtained from the United States and is a most important contribution to the scheme. The objects of the plan as a whole are to make good the modernisation and development postponed by the war, to increase capacity, and to lower costs by concentrating production. Under this plan, the production of crude steel in 1952–53 will rise to 17 million ingot tons. Some developments, which will expand the capacity for the production of crude steel still further, will not be finished until 1953 or 1954.

100. Despite the increased output of crude steel there will still be in 1952 some excess of finishing capacity which could be employed only by the import of some 650,000 tons of steel for finishing. Having regard, however, to the supplies likely to be available, only 440,000 tons (*i.e.*, 380,000 tons of semi-finished steel, and 90,000 tons of material for tubes and wire) have been provided for in estimating the import programme for 1952–53. This quantity will be imported under the already existing agreements with continental steel producers which do not expire until 1953. With these supplies it will be possible to produce 17·5 m. tons of finished steel (in terms of ingot equivalent). The level of the import demand for semi-finished steel in 1952–53 contrasts with the existing position where, owing to the present large excess of finishing capacity over crude steel capacity in the United Kingdom, there is a demand for imports of semi-finished steel of some 1·5 m. tons a year, which can be met only in small part, chiefly from the continent of Europe. One of the main features of the steel development plan is, therefore, the reduction of the gap between steel making and steel finishing capacities. This will reduce the United Kingdom's dependence on imports of semi-finished steel, which is expected to remain difficult to obtain from abroad in any quantity, and will eliminate the present need to seek substantial supplies from dollar sources.

101. It will be seen that there is a gap between this forecast of output of finished steel and the demand estimated in paragraph 97 above. It is expected that this will be partly closed by the use of second-hand material arising in the United Kingdom (estimated at 200,000 ingot tons) and by the import of 400,000 tons of finished steel (in terms of ingot equivalent), most of it under the existing agreements with the Continental steel producers. Unless additional imports of semi-finished steel are available, the remainder of the gap can be filled only by importing more finished steel from other O.E.E.C. countries, but whether or not it will be desirable to do this will depend on the strength of the demand for United Kingdom exports of steel. No provision has been made for such supplementary supplies of finished steel in the import programme. On the assumption that the home demand, taken as 14·8 million ingot tons, is met in full, provision has been made for exports of 1·6 million tons of finished steel (2·1 million tons in terms of ingot equivalent), including supplies to the oil industry abroad and for capital development in the sterling area. The position will, however, be reconsidered in the light of the discussion by the O.E.E.C. of the long-term programmes submitted by other participating countries.

102. A notable feature of the development plan is the modernisation and expansion of blast furnace capacity, which is designed to serve a three-fold purpose. It will increase the production of pig iron for steel making to 9·3 million tons in 1952–53 compared with 7·2 million tons in 1948, and also expand the output of foundry pig iron. The installation of the latest equipment will yield a marked saving in fuel consumption—a matter of first importance since great efforts will be needed to maintain the supply and quality of coking coal and coke to keep pace with the expansion of the steel industry. An increased output of pig iron will diminish the pressure on scrap supplies.

103. As regards particular types of finished steel products, the expansion of capacity will be particularly important in sheets and tinplate. The total output from the sheet and tinplate mills in 1952 is estimated to be sufficient to meet the home demand and to provide for export about 375,000 tons of tinplate and 175,000 tons of sheets. The improvement in the production of sheets and tinplate should enable the United Kingdom in the 1950's to make an important contribution to the supplies of the other O.E.E.C. countries. The Paris report of 1947 showed that in 1951 there would be a net import demand for tinplate by the O.E.E.C. countries on the United States of 250,000 tons a year. Full operation

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C224622

of the United Kingdom's new mill by 1952–53 should enable this prospective dollar drain to be considerably reduced.

104. On the heavy side of the industry, the main feature of the plan is the proposed installation of mills for rolling constructional sections. In the case of plates and light sections, the plan is concerned with the modernisation rather than the expansion of capacity. There will be a substantial increase in the output of wire rod, from about 750,000 tons in 1948 to over 1 m. tons in 1952. At present the United Kingdom is obliged to include a substantial quantity of wire rod in her import programme and indeed has considerable difficulty in obtaining the imports needed; the development plan is designed to eliminate this need for imports.

105. A further expansion of steel-making and finishing capacity in the United Kingdom is under consideration in the light of the present forward estimates of demand, but the existing development plan will be well on its way to completion before any new plans can be put into operation.

106. The following table briefly summarises the principal statistics:—

	1935–38 *Average*	1947 *Actual*	1948–49 *Programme*	1952–53 *Programme*
	actual weight '000 metric tons			
Production of crude steel	11,437	12,684	14,987	17,020
Imports—crude and semi-finished steel ...	487	293	373	383
finished steel	486	105	544	317
Exports—crude and semi-finished ...	22	4	6	—
finished steel	1,411	996	1,185	1,580
Consumption of finished steel	7,444	9,630	11,032	11,860

(5) ENGINEERING

107. The engineering industries are directly involved in nearly every aspect of economic recovery: in the mechanisation of agriculture; in the re-equipment of home industries and public utilities; in the export of capital goods not only to pay for current imports but also to develop the resources of the participating countries, the sterling area and other parts of the world.

108. Between 1938 and 1948 the production of the mechanical and electrical engineering sections of this industrial group has increased by about one half and it is expected that by 1952 production will rise still further to about 70 per cent. above the 1938 level.

109. Exports of all engineering products are at present over twice the level of 1938 and account for about 40 per cent. of the United Kingdom's total visible exports. By the end of 1948 the engineering industries as a whole should be exporting 230 per cent. by volume of their 1938 exports. The aim is to maintain at least this high level throughout the period under review

110. The supply of machinery for home investment (including a small but important amount of imported equipment) was in 1947 about 20 per cent. above the pre-war level. By 1952 it is expected to increase the rate of supply to 40 per cent. above the 1938 level. The expansion of output of industrial machinery and equipment will exceed that of vehicles and other metal goods Much of this plant will be needed in the next few years to make good the arrears of replacement accumulated during the war; part will go to increase the capacity of other exporting industries; all of it will increase the efficiency of British industry.

111. The engineering industries are making a major contribution to the agricultural expansion programme. In addition to a wide range of other agricultural machinery they are now producing agricultural tractors at a rate of 100,000 per annum compared with a pre-war output of some 12,000 a year and an output in 1947 of 56,000. This rate will be increased as steel supplies expand. Some 50,000 tractors a year are currently being exported and as the demand from the United Kingdom agricultural industry is approaching the point at which it will be stabilised at the replacement level, the major part of the increased production will be available for export. It is expected that about 27,000 agricultural and industrial tractors will be exported to the participating countries in 1948–49. Steps are being taken to encourage the manufacture of larger wheeled tractors, crawler tractors and specialised types of agricultural machinery for which the United Kingdom and the sterling area generally have hitherto been dependent on imported supplies from the Western Hemisphere.

C224623

112. The engineering industries are also making a direct contribution to the reduction of dollar expenditure by developing or manufacturing under licence types of equipment hitherto imported including agricultural machinery, specialised machine tools, contractors' plant, automatic textile and hosiery machinery, office appliances and a diverse range of other equipment used throughout industry. Continued encouragement will be given to this process.

113. It is not possible to give in precise quantitative terms a programme for the engineering industries as they are not a homogeneous entity. They consist of at least as many different sections as there are industries using their products. The broad objectives, for which it is believed material supplies will be adequate, are:—

(*a*) To achieve by 1952 an aggregate output in mechanical and electrical engineering 170 per cent. of the 1938 level; vehicles 135 per cent., and tools and implements 160 per cent.;

(*b*) to maintain the export of engineering products as a whole at not less than 230 per cent. of the 1938 level;

(*c*) to organise the productive capacity of the industries so as to produce the equipment needed for the home investment programme in the required quantity, type of product and time;

(*d*) to develop those categories of engineering exports likely to make the best and quickest contribution to the restoration of economic stability, namely, those which will increase the hard currency earnings, or reduce hard currency expenditure of the United Kingdom and other sterling area members of the Commonwealth, develop the production of foodstuffs and raw materials in the sterling area and other overseas territories, and contribute to the re-equipment of the agricultural and manufacturing industries of the participating countries;

(*e*) to maintain and improve the efficiency of the industry by research, the application of new techniques, good management and improved skills.

The various controls over resources exercised by the Government will be used to these ends.

(6) CHEMICALS

114. The production of chemicals has a major contribution to make both towards righting the balance of payments and increasing industrial production generally. For some years large amounts of organic chemicals and plastic materials have been imported from North America, including molasses, alcohols, solvents, and a wide range of oil derivatives, together with materials for the rapidly growing plastics industry. Expenditure has been in the region of $60–70 million a year. Increased production will also help the sterling area and participating countries to reduce purchases for dollars. Exports have increased rapidly and in the second quarter of 1948 were 56 per cent. above the 1938 level. By 1952 it is hoped that they will be 90 per cent. above 1938.

115. The main object is to increase production in nearly all branches of the industry: organic chemicals and plastic materials, dyestuffs and basic chemicals (particularly alkalis). The current dollar expenditure of over $60 million a year for the import of organic chemicals will be almost eliminated. A surplus for export will become available. The increases in production will also put the organic chemicals industry into a more balanced state. At present it is largely self-supporting in coal tar products, and to a lesser extent in derivatives of ethyl alcohol obtained from the fermentation of molasses, but production is deficient in the large number of chemicals obtained from cracking oil.

116. Progress is also being made in making up the leeway lost during the war in keeping pace with developments in the manufacture of plastics. Production of the main plastic materials in use at present is being expanded and within three years United Kingdom production will be sufficient to make most imports unnecessary and provide for expanded exports. By 1952 United Kingdom output of plastics should be three times as great as in 1938.

117. About 95 per cent. of the dye-stuffs required by industry are already made in the United Kingdom; the remaining 5 per cent. must be imported mainly from Europe. Increased capacity, at a cost of about $40–50 million, is being installed to meet increasing demands, and by 1952 British production will be about 30 per cent. greater than in 1947. It should then cover the majority of the

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

newer and faster dyestuffs required by industry of which the supply from United Kingdom sources is not yet adequate.

118. Soda ash is now unrationed for the home trade and all the demands of the export market on this country are likely now to be met in full. An increase of 40 per cent. over the 1947 production capacity is in hand, which should meet growing demands over the next few years. The shortage of caustic soda is serious. Although most essential needs at home are being met, exports are substantially less than the demand. Increases of 80 per cent. over the 1947 production capacity are in hand but it will be some years before the new plant can be in full operation. These extensions will enable the Sterling Area from now onwards to increase its exports of soda ash and caustic soda to South America and the Far East.

119. Prospective United Kingdom production of nitrogenous fertilisers will be sufficient for some expansion in home consumption and for the maintenance of the long-established export trade to Commonwealth countries and the Far East. Existing plans to increase capacity in Europe, North America, India and Australia will contribute largely to overcoming the present world shortage, but the need for additional United Kingdom output is also being considered. As regards the other fertilisers, some increase in the output of superphosphates is planned.

120. By 1952, as a result of these developments costing in all some $800 million, the United Kingdom chemical industry will meet all major needs of domestic industry and maintain an extended export trade in many parts of the world. The contribution to European recovery will come not so much through exports to Europe, which already has a large chemical industry with a wide range of products, but rather in reducing the sterling area's demands for dollars to buy essential chemicals from North America.

(7) TEXTILES

121. The United Kingdom textile industries not only provide the home market with one of the basic necessities of life, but also make an export contribution of outstanding importance. Even in 1947, when exports were well below the 1938 level, they earned $900 million out of the total visible exports of $4,600 million. In recent months about one-sixth of textile exports have been going to the United States, Canada and Argentina, one-sixth to the countries of Western Europe, and over half to other countries of the sterling area. The expansion of textile exports has until now been limited by the level of production and the minimum needs of the home consumer.

122. Before the war the cotton industry had been suffering for several decades from a long-term contraction of the demand for its products, upon which were superimposed large-scale fluctuations due to the international trade cycle. Prolonged depression of trade, heavy unemployment and under-maintenance of capital equipment were the results. In wool there was no long-term decline in demand, though the industry suffered severely in periods of cyclical depression such as 1932–34. The young rayon industry, on the other hand, was expanding rapidly.

123. Textile output declined and export trade was sacrificed as labour was transferred from civilian industries to war production and to the fighting services. The cotton and wool industries emerged from the war with a greatly depleted labour force and with plant and equipment suffering from heavy arrears of maintenance and replacement—worse in the cotton industry because pre-war difficulties had caused under-maintenance.

124. Since the war substantial progress has been made. In the second quarter of 1948 the cotton industry's production was about 28 per cent. higher than the 1945 rate, while the quantity exported was 70 per cent. higher. This increase in production corresponds closely with the increase in the labour force over the same period. Labour, output and exports are still, however, substantially below the pre-war level. In the wool industry manpower rose by 35 per cent. between mid-1945 and the end of last year; output has increased considerably, and exports in the second quarter of this year were running at a rate about three times as high as that of 1945, and indeed substantially above pre-war. The expansion of the production of synthetic fibres (rayon, nylon, &c.) has been rapid; both output and exports are now considerably greater than pre-war.

125. Further expansion of textile exports is aimed at. For this the output of the textile industries must be increased. It is hoped by 1952 to increase the output of woven cotton and rayon cloth by about 35–40 per cent. over 1947. The production of synthetic fibres is expected to double in the same period. As much as possible of this increased production is to go to increased textile exports, and home consumption will be restrained by rationing or other means so long as this is necessary to the attainment of the required exports. It is expected that exports of cotton goods in 1952 will be at least 80 per cent. greater than in 1947, but the industry will be in a position to secure as great expansion as market opportunities allow. Similarly, wool exports are expected to be between 60 and 80 per cent. above the 1947 level. It should be possible to raise exports of staple fibre to at least double their 1947 level, a large part of the additional supplies going to North America.

126. Various measures are in hand to increase production and to steer a larger proportion of the output into export markets. First, plans have been made for a steady improvement in the capital equipment of the industries. New factories are being built to produce synthetic fibres, needed for industrial purposes of many kinds. Rayon output is expected to increase from about 120,000 tons in 1948 to some 200,000 tons in 1952–53. This should make the United Kingdom largely, if not entirely, independent of dollar imports of industrial yarn. Plans are also in hand for developing new synthetics such as terylene, which is highly resistant to chemicals and moisture, and ardil made from the residue of groundnuts. In the cotton weaving industry it is hoped to install about 30,000 more automatic looms before 1952. Most of these will be produced in the United Kingdom apart from some specialised types of machinery which are being imported from the United States and from Switzerland. It is expected that about 30 per cent. of the capacity of the cotton-spinning industry and a somewhat higher proportion of weaving will be newly equipped by 1952; and this will be achieved concurrently with a large export of British textile machinery, much of it to other participating countries.

127. Special efforts are being made to increase productivity in the cotton industry by the reorganisation of methods of production inside the factory. In cotton weaving the industry is at present working out the details of a scheme to improve incentives to efficiency by changing the wage structure, while at the same time enabling the skilled workers to make the best use of their skill by transferring routine tasks to less skilled assistants. A considerable increase in output per head should eventually be secured as a result.

128. Measures to increase the number of workers in the industry have been adopted. These are the more necessary because fewer women workers are expected to be available in future, a factor of particular importance to the textile industries which rely heavily on female labour and are largely localised in areas where a high proportion of the women are in work. Day nurseries are being provided to enable married women with young children to work in the factories. Particular attention is being given to improvements in working conditions. A large-scale publicity campaign is being conducted to drive home to the public and to potential workers the importance of the industry and the advantages it offers. In the last twelve months the Control of Engagement Order has been used to encourage recruitment. The Government has organised the immigration of displaced persons and foreign nationals to take up employment in textiles, and it is hoped to obtain further recruits from this source both for the cotton and woollen industries.

129. Government control and the allocation of production have been used to ensure that production intended for export is not diverted to the home market. Controls, in the form most convenient, will continue to be used so long as they are necessary.

130. The main statistics are summarised in the following table :—

	1935–38	1947	1948–49	1952–53
			'000 *metric tons*	
Cotton consumption	619	368	457	473
Wool consumption	190	191	223	232
Synthetic fibres production	61·2	92·1	122	200
			$ *millions**	
Exports of textile materials and products ...	490 (1938)	818	1,212	1,452

* 1938 and 1947 at f.o.b. prices of those years. 1948–49 and 1952–53 at 1948–49 prices.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

(8) SHIPPING

131. In 1947 net income from dry cargo shipping services amounted to $121 million. This exceeded the corresponding figure for 1938, partly as a result of the rise in price levels, and it was achieved despite the fact that the fleet available is smaller and relatively older. At the same time, a large proportion of foreign shipping is being employed; there are unsatisfied requirements for ships of the right type and speed for the expansion of the export programme, the development of passenger and tourist trades, and for the cross trades. No comparative figures of earnings by tankers are available, but shipping requirements for the trade in oil have increased out of proportion to the tanker fleet. A much larger proportion of foreign tankers is now on charter to the oil companies than before the war and income from tankers barely balances outgoings.

132. The increase in exports in the next four years is not expected to require appreciably more shipping, since they will be carried in outgoing ships bringing imports into this country. It will, however, account for a large part of the increased income from shipping services that is foreseen.

133. For some years United Kingdom shipping resources have had to be concentrated mainly on the carriage of imports to the United Kingdom and to those territories for which the United Kingdom is responsible. Even so, by chartering tonnage, the United Kingdom has been able to maintain between 3½ and 4 million tons of shipping wholly in the service of other countries. The expected development in world trade should provide opportunities for British shipping to earn more foreign currencies in these so-called "cross trades," but performance must be improved by quicker turn-round and by the introduction of new and faster ships specially designed and constructed for the particular trades they are intended to serve. The rapidly increasing trade in oil requiring shipment from more distant sources of supply calls for a greatly increased amount of tanker tonnage as well as for faster and larger types of tankers.

134. The present programme of shipbuilding for the United Kingdom flag aims at building up, with a conservative allowance for obsolescence and losses, the tonnage of dry cargo vessels (of 500 gross tons and upwards including those with passenger accommodation) to 12·9 million gross tons by the end of 1952 as compared with 12·1 million gross tons at the beginning of 1948 and 13·9 million gross tons in 1939. Since this programme allows for an abnormally low rate of obsolescence, a much greater proportion of the shipping in use in 1952 as compared with before the war or even to-day will be over the age beyond which ships are normally not expected to give efficient service.

135. Delays in United Kingdom ports and in ports overseas in loading and discharging are still seriously retarding the turn-round of ships and reducing the effective performance of British dry cargo shipping. There is to be a sustained effort to improve turn-round in United Kingdom ports, and it is assumed in estimating earnings that conditions will have improved by 1952–53. Efforts are also being made to speed up ship repairs.

136. With the increased and better balanced fleet referred to above, it is expected that the net income on shipping account will be about $360 million in 1952–53. The services of a substantial amount of foreign shipping will still be required, but an increasing proportion of these services should be provided by other participating countries as their own fleets increase. It is, however, a basic condition of the full attainment of these shipping objectives that the United Kingdom, like the other participating countries, should be able to offer shipping services throughout the world in free and fair competition and that there should be no governmental obstruction, by discrimination and other measures, to their acceptance.

137. The principal problem of the United Kingdom, so far as tankers are concerned, is to produce enough tankers for the British oil companies to carry their increased trade. The United Kingdom tanker fleet has already passed its pre-war volume and an increasing proportion of shipbuilding capacity will be employed in the building of tankers during the next four years. The British tanker fleet at the end of 1952 should be 4·3 million gross tons, 0·9 million gross tons more than end-1947 and well above 1939.

138. Requirements, however, may increase by considerably more than this between 1947 and 1952. With a world shortage of tankers it may not be possible to fill the gap by chartering and the building of more tankers must be an important factor in the plan to increase net income from shipping. As more oil supplies have to be carried on the long haul from the Middle East, larger faster tankers operating at lower cost will be needed and port facilities will have to be adapted to accommodate them.

139. Present programmes require an investment by the shipping industry of between $200 million and $250 million a year throughout the period. This is limited not by the capacity of the yards but by the availability of steel.

(9) TOURISM

140. There are no precise figures of the pre-war earnings of the United Kingdom's overseas tourist trade, but they were probably about $120 million per annum. This was at a time when travel was relatively easy and there were few obstacles in the way of the expansion of tourist facilities.

141. With the changed situation resulting from the war, particularly the loss of so many of Britain's invisible exports, tourism has acquired a greatly increased importance. It figures among those industries which can become, relatively rapidly and at a comparatively small cost in capital investment, raw material, labour, &c., one of our major exporting trades and, moreover, one whose dollar content can be outstandingly high.

142. In addition, and perhaps even more important is the fact that tourism, by bringing the peoples of the world together—people of all sorts and from all walks of life—can make an important contribution to the development of international understanding and the lessening of political tension. For this reason it has always been the policy of the United Kingdom to secure the removal of all possible restrictions on foreign travel. To this end agreements have already been negotiated with France, Belgium, Luxembourg, Norway, Denmark, The Netherlands, Sweden, Switzerland, Iceland and Italy for the mutual abolition of visas. The United Kingdom Government attach great importance to this removal of formal obstacles to the interchange of tourists between the participating countries. Nor do they believe it less important that restrictions should as far as possible be removed from the travel of visitors to the O.E.E.C. countries from the United States. By this means they hope that the understanding of the ideals and achievements of the European Recovery Programme will be stimulated among people in the countries taking part in it on both sides of the Atlantic. They are convinced that this will do much to ensure its success.

143. At present owing to financial difficulties there are necessarily still restrictions on the travel of tourists between the O.E.E.C. countries themselves. The United Kingdom Government hopes that as the European countries' balances of payments improve these financial restrictions can gradually be removed.

144. The United Kingdom has already suggested to the O.E.E.C. that the development of the European tourist industry is a promising field of joint activity for the participating countries. It can make an important contribution towards righting Europe's balance of payments with the Western Hemisphere. The United Kingdom will co-operate fully in the examination of joint measures for this purpose.

145. For its part the United Kingdom has taken many measures to encourage and develop tourism in the United Kingdom. The most important single step was the setting up of the British Tourist and Holidays Board and the Scottish Tourist Board, both non-governmental organisations, whose members are largely drawn from the tourist, hotel and catering industries. The British Board, particularly through its tourist branch—the Travel Association—and with the co-operation in Scotland of the Scottish Tourist Board, has the task of promoting the organisation of the tourist industry in this country. Much of the work being undertaken by these bodies is still only in its early stages, but there are already ample indications that the efforts being made will be repaid.

146. In 1947 some 300,000 overseas visitors came to the United Kingdom and earnings from this trade amounted to about $80 million apart from the sums spent by tourists on transport to and from their homeland in British ships and aircraft. It is estimated that in 1948 the total number of visitors should reach about 500,000 and that total earnings should be in the region of $140 million,

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

of which $60 million should be in dollars and equivalent currencies. It is estimated that the trade's earnings may be as much as $260 million by 1952–53 with the dollar contribution at more than $150 million. While the United Kingdom's total expenditure on tourism overseas is expected to exceed its total tourist income from all sources, it is expected that there will be a large dollar surplus.

147. Shipping space at present limits the number of tourists coming to the United Kingdom particularly from the Western Hemisphere and the other countries of the Commonwealth. Efforts are being made to increase the space available and to make the fullest possible use of it by persuading tourists to come to the United Kingdom out of the normal summer tourist season. Attention will also be paid to increasing the aircraft space available for the transport of tourists. The shortage of hotel accommodation, caused partly by the war, is being successfully tackled.

148. For the 1948 season ample allowances of petrol have been given to tourists bringing their cars with them, or buying them in the United Kingdom for subsequent export; special arrangements have also been made to provide adequate hire-car and coach facilities for tourists. A new system, known as the Tourist Voucher Scheme, to enable tourists to buy reasonable quantities of rationed clothing for immediate delivery has also been in operation for the first time this year, and the scheme for the direct export of goods ordered by tourists has been widely publicised and used. All these schemes will be reviewed and where practicable improved before the 1949 tourist season.

149. Efforts will be made to make travel easier by abolishing burdensome controls on movement wherever possible and by ensuring that those which must be maintained, either for security or economic reasons, should be operated as speedily, simply and efficiently as possible.

150. The development of the tourist trade will necessarily depend to a considerable extent on the achievement of international political and economic stability and in this the success of European Co-operation within O.E.E.C. will play a decisive part.

CHAPTER IV.—INVESTMENT IN THE UNITED KINGDOM

151. The development and modernisation of industrial and agricultural equipment is one of the explicit objectives of the European Recovery Programme. A careful balance between this and other objectives must be maintained. Excessive home investment might defeat its own ends; it would endanger stability, require more imports than can be afforded and sharply limit exports. This chapter sets out the scale and composition of the investment programme, which on present evidence is believed to be practicable.

152. The effective limits on investment are three: the need for countervailing savings; the limits imposed by raw material supplies; and the limits of the productive capacities of the building and engineering industries.

153. The problem of financing investment has already been discussed in paragraphs 33–37 where it has been made clear that it is the intention of the United Kingdom to pursue a fiscal policy which will seek to prevent financial limitations from hindering essential investment.

154. The physical limitations are primarily those of steel and timber. The total available supplies of steel are being currently used as to 60 per cent. for home investment, 32 per cent. for exports in direct form or as manufactures, and 8 per cent. on consumption and defence. With a finished steel supply perhaps $2\frac{3}{4}$ million tons greater in 1952–53 than in 1947, it is estimated that on present expectations about the progress of exports some $7\frac{1}{2}$ million tons will be available for investment purposes. The division must clearly be provisional and will be subject to adjustment in the light of economic developments over the next four years. The limitations of timber for the United Kingdom are set by the exportable surpluses of overseas countries and by the ability of the United Kingdom to finance its timber imports. Present prospects suggest that the supplies of softwood (excluding sleepers) available to the United Kingdom in 1952–53 may be of the order of 5,700,000 cubic metres compared with a consumption of 4,600,000 cubic metres in 1947–48 and 1948–49. A higher scale of investment in building will therefore be practicable.

155. The engineering industries, taken as a whole, are now producing 40 per cent. more than in 1938. Their capacity to provide the capital equipment needed for home investment is at present limited partly by the shortage of steel and partly by the extremely large contribution which they are making to exports (amounting to 40 per cent. of the total in the first half of the current year). The growth of steel supplies made possible by the iron and steel development plan described in Chapter III will progressively ease the former limitation. It is calculated that sufficient engineering capacity will be available both to satisfy the needs of the proposed investment programme and to sustain the assumed level of capital goods exports, though a careful balance will have to be maintained in the distribution between home investment and exports of particular categories of plant and machinery.

156. In the light of these factors an annual gross investment programme at current prices of about $8,500 million of fixed investment at home represents the practicable limit of what the United Kingdom may reasonably hope to achieve, having regard also to the claims of overseas investment for colonial and other development within the sterling area. Together with the latter it will account for 20 per cent. of the gross national product. This home investment programme compares with an investment at the same prices of about $7,500 million in 1947 and about the same amount in 1938. The high rate of home investment in 1947 was achieved in a year where there was also a deficit of $2,500 million on the balance of payments. Without this, investment on this scale would not have been possible. Without external aid drastic cuts would clearly have been necessary. With external aid the United Kingdom expects not only to achieve a gross domestic investment of $8,500 million a year but also to be in a position by 1952–53 to sustain this level out of its current income. This does not imply a rigid ceiling for investment over the next four years. To the extent that the United Kingdom succeeds in its endeavours to increase the national income, it will also be its aim to accelerate and expand the investment programme.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

157. The resources available for investment will be concentrated on the following purposes:—

(*a*) the expansion of home agriculture and fisheries;
(*b*) the development of basic industries, particularly steel, coal, oil, basic chemicals and cement, in order to make possible the unfettered expansion of industrial production;
(*c*) the strengthening of the public utility services where necessary, particularly electricity, transport and port services, in order to support the expanding level of industrial activity;
(*d*) the modernisation of industrial equipment so as to increase the volume and reduce the cost of production;
(*e*) the development of new raw materials and alternative sources of supply for existing raw materials at home, in the Colonies and elsewhere overseas;
(*f*) the removal of shortages of widely used basic products, such as ball bearings, precision chain, refractories;
(*g*) the stimulation of industrial research;
(*h*) the provision of essential services, such as housing and of basic social services such as water and health services and education (particularly on the technical side) which contribute to the nation's economic strength.

158. Excluding ordinary maintenance of houses and miscellaneous small works the available investment resources will be distributed in this period approximately as follows:—

	Per cent.
Fuel and Power	15
Transport and Communications	18
Agriculture	6
Industry (including Iron and Steel and Shipbuilding)	33
Housing	16
Social Services (Water Supplies, Health, Education, &c.)	7
Defence and Public Administration	5
	100

159. Until the equipment of the export industries and of the basic industries serving industrial production as a whole has been adequately restored and modernised, investment for these purposes must take precedence over investment designed solely or mainly to increase consumption standards. In accordance with this policy the volume of investment to meet the needs of social services and to serve directly the home consumption market will not be raised above its present level, increases in one direction being balanced by reductions elsewhere within this group. Should any additional resources become available for investment they will be concentrated on industrial investment.

160. There is a wide range of controls in force to ensure that investment resources are canalised in the desired direction. In addition to the control of capital issues on the capital market these also include the licensing or authorisation of all building work above small fixed limits, statutory distribution schemes for steel and timber and arrangements, statutory or voluntary, with the various sections of the engineering industries about the division of the output of plant and machinery between the home and export markets. In the case of the nationalised industries the Boards are required by Statute when framing programmes of reorganisation or development involving substantial outlay on capital account to act on lines settled from time to time by the responsible Minister. Future policy towards these controls will be guided by the general principles enunciated in paragraphs 51–54 above. An important part of the United Kingdom's industrial investment policy has been the encouragement of investment in areas that suffered prolonged economic depression between the two world wars and which might, owing to the lack of industrial capacity, have undergone a similar experience again. The United Kingdom Government, using special powers and machinery, has already erected 290 factories in such areas and 250 more are at present being built. Private industry has also with much success been encouraged, wherever possible, to undertake investment in these areas.

161. The principal features of the investment programmes for major industries have been described in the previous chapter. The largest remaining

items in the total investment programme are the public utilities, housing and the social services. To complete the account, a brief description of these is given below.

162. *Electricity.*—The consumption of electricity is now over 80 per cent. greater than in 1938. Throughout the war years, however, the installation of plant was severely curtailed and reliance had to be placed on extending the life of old plant, improving the load factor and in recent years on load shedding and load spreading arrangements with their attendant difficulties for industry. To meet this situation the investment programme for electricity generating stations contemplates the installation of thermal plant to increase the available generating capacity by about 40–50 per cent. above the present amount. The total cost will be about $2,000 million including ancillary work on transmission lines and distribution. In addition over 600 megawatts of hydro-electric capacity will be installed in the North of Scotland, much of which will supply industrial needs in Scotland and make possible new developments in the Highlands. It is hoped that this increase in capacity will assist a general increase in industrial efficiency.

163. *Railways.*—After heavy use and inadequate maintenance throughout the war, the railways stand in need of considerable re-equipment to overtake arrears of repairs and renewals, quite apart from the pressing need to keep up with new developments of rolling stock, or to extend the use of modern equipment, *e.g.*, colour light signalling on heavily operated lines. This applies with special force to the permanent way. There is also a considerable need for goods wagons (of which the railways have nearly 30 per cent. over 35 years of age) and for passenger coaches (of which the railways in 1947 had about 13 per cent. fewer than in 1939 to meet a 24 per cent. increase in passenger miles). Much general repair and maintenance work is required on buildings, locomotive sheds, bridges, and embankments. All these works contribute towards raising the efficiency of the railways and enabling them to transport quickly and cheaply the larger volume of raw materials, minerals and merchandise which will arise during the next four years.

164. In 1948 gross investment by the railways will amount to about $600 million and, if all the needs were to be met on a reasonable scale, the annual rate ought to rise to about $800 million by 1952. The greater part of the increase will consist of renewals to rolling stock (an additional $40–60 million a year) and civil engineering works (about $120 million).

165. *Housing.*—As in all highly organised communities housing necessarily absorbs a substantial share of investment resources. The expenditure needed for ordinary maintenance and repair of the existing stock of houses for a community of 50 million people is in itself a very substantial item, the more so as in the case of the United Kingdom the volume of such work had necessarily to be reduced to the barest minimum during the six years of war.

166. During the war 220,000 houses were completely destroyed by enemy action and 250,000 rendered uninhabitable. During the same period house construction was suspended, apart from the minimum necessary to accommodate workers on war production. Since 1939 the population has also increased by 2¼ million and there is an urgent need for more houses to increase the mobility of the working population to facilitate the structural changes that are taking place in United Kingdom industry and encourage recruitment to the undermanned industries. Towards these various needs between the end of the war and the end of July 1948 330,000 permanent and 155,000 temporary houses have been built and 235,000 housing units have been provided by the conversion of existing premises and the repair of heavily damanged houses. So far the replacement of obsolescent houses and of houses condemned as unfit for occupation by pre-war standards has had to give way to these more pressing needs.

167. To meet the outstanding and continuing requirements for repair and new construction of houses it is believed that it will be possible to find sufficient resources to enable work to the value of $1,660 million to be undertaken in 1949, of which about 40 per cent. will be for repair and maintenance work. Within this programme preference will be given to building houses in agricultural and mining areas in order to facilitate recruitment to agriculture and mining. Likewise provision will be made for the housing needs of industries such as the steel and chemical industries where large schemes of expansion are planned. The rate of

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

house construction in the following three years will depend on the progress of economic recovery.

168. *Social Services.*—The chief items under this head are education, health services, and water and sewerage, on which capital expenditure in 1949 is estimated at approximately $400 million. These services suffered severely during the war.

169. Five thousand schools were destroyed or severely damaged by enemy action and at the end of the war 40 per cent. of all the classes in England and Wales were officially classified as overcrowded. Over one million new school places are needed. Two-thirds of this requirement is due to the steep rise in the birth-rate and to shifts of population, and the remainder to the destruction of schools and the increase in the school-leaving age to fifteen years. Special provision will be made for technical education by the erection of new technical colleges for various branches of industry, and the provision of accommodation for the rapidly increasing number of part-time students, who have grown from 36,000 before the war to 200,000. The number of whole-time technical students has quadrupled in the same period.

170. Investment in water supplies and sewerage includes the making good of wartime arrears which cannot be postponed without danger to public health and without imposing limits on supplies to industry. On the health side the next four years must be spent mainly in bringing existing hospital accommodation up to standard, overtaking arrears of maintenance and war damage, converting wartime hospitals to serve peacetime uses, and in carrying out urgent schemes of extension and improvement. Improvements are badly needed in nursing staff accommodation (where additional facilities are required to attract staff for the 60,000 unstaffed beds), and in mental hospitals and mental deficiency institutions, to relieve serious overcrowding. New general hospitals urgently required in a number of districts must, however, wait until towards the end of the period.

CHAPTER V.—DEVELOPMENT OF OVERSEAS TERRITORIES

171. The forty-five Colonies included under the heading of United Kingdom's Dependent Overseas Territories have very varied economies and have reached very different states in social and economic progress. It is a prime objective of British policy to ensure that their future development is conducted for the benefit of the native populations and that increases in trade and production are reflected in a rising standard of living and steady social progress. They have already made a remarkable recovery from the effects of the war.

172. The Colonies have also reached very different stages of political advancement. They are not governed by executive instructions from London. Many, such as Malta and several of the West Indies, are already wholly or nearly autonomous in their internal affairs, with wholly or preponderantly elected legislative bodies. The United Kingdom Government has throughout been in close consultation with Colonial Governments. Most of them have now signified their willingness to join with the United Kingdom in the European Recovery Programme because the purposes of Colonial development are complementary with those of European recovery. Development needs above all a high level of investment in the Colonies and this over a period of years, can be achieved only by a net financial investment from overseas (principally from the United Kingdom) supported by a high level of imports of capital goods and manufactured consumption goods. These the countries of Europe can provide. The imports not covered by net overseas investment have to be financed by the export of food and raw materials, and these in turn are, of course, essential to European recovery, both directly and as a source of hard currencies.

173. The United Kingdom is, therefore, anxious to stimulate Colonial exports as an integral part of the recovery programme, and a substantial net investment in the Colonial areas as a whole during and beyond the period covered has been allowed for in the balance of payments calculations. Furthermore, unless the sterling area maintains a sufficiently high level of exports to the Colonies, the net dollar earnings of the Colonies will be reduced either because production will fall off or because it will be essential for a larger proportion of the dollar earnings of Colonies to be spent on essential imports.

174. In all plans for this development, Colonial authorities have to recognise that, apart from limitations on the supply of capital from outside sources, there are internal limits on the rate of investment as a whole. Pushed too far too fast it would give rise to conditions that would have the gravest consequences to social welfare and stability. Further, since the Colonies are, broadly speaking, now in the early stages of their development, a high proportion of investment must be concentrated on basic services, on health and education, on transport, irrigation and water supplies, and research. It would be inconsistent with trusteeship, and would moreover be economically impracticable, to subordinate progress in these fields, fundamental to the healthy development of the native communities, to a breakneck increase in food and raw material production wholly designed for export. Nevertheless a large development of exports is fundamental to an increase in the standards of living of the indigenous peoples.

175. It is unnecessary in a document dealing primarily with European affairs to give details of the schemes in hand or in preparation in the fields of education, transport and other basic services. Important work is proceeding on the expansion of secondary and technical education and the training of teachers. Four new university colleges, three in Africa and one in the West Indies, and a new university in Malaya are being established. In health the emphasis is on preventive work and the training of local medical staffs. Much work is being done on malarial control, particularly in Cyprus, Trinidad and British Guiana. Over $12 million has been allocated in the last two years for research. Special efforts are being devoted to locust control. Geodetic and topographical surveys have been undertaken in East and Central Africa, Malaya, North Borneo and Sarawak, in which the Royal Air Force is taking part. An expenditure of about $80 million has been approved for road and railway development, including the construction in Africa of a trunk road linking Northern Rhodesia with the Tanganyika, Kenya and Uganda road systems, and thence through to the Sudan.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

C224634

176. The following notes describe the main food and material programmes that have an especially direct bearing on Colonial exports, and thence on European recovery :—

177. *Groundnuts.*—The total Colonial output for export of decorticated nuts is expected to rise to 880,000 metric tons in 1952–53, as compared with 300,000 tons in 1936 and 335,000 tons in 1946. In East Africa a large scheme for the production of groundnuts by mechanical methods was started in 1946. Exports on a small scale are due to begin in 1949 and are expected to increase to over 460,000 tons of decorticated nuts annually when full production is reached about 1953. In West Africa the shortage of locomotives and rolling-stock has made it impossible to move all the crop to the coast in recent years. By 1950 these difficulties should have been overcome.

178. *Sugar.*—Annual production of the principal Colonial producing areas for the period 1937–39 averaged 980,000 tons. Steps are being taken to improve the efficiency of the industry in the various Colonies and considerable sums of money are being spent on research. The chief shortage has hitherto been of fertilisers, and the total colonial demand for sugar cultivation has not yet been met, though every effort is being made to increase supplies. Sugar production, which had fallen to 740,000 tons in 1945, should reach 1,400,000 tons in 1952–53.

179. *Rubber.*—Production of rubber which was 400,000 tons in 1936 is expected to rise to 830,000 tons in 1952–53 This is an important earner of dollars : in 1947 exports to the United States were valued at about $180 million.

180. *Tin.*—Tin is produced in the Federation of Malaya and Nigeria. Nigerian production, however, is expected to decline gradually in a few years time, unless new discoveries are made. It is at present running at about 8,000 tons of ore per annum. Peak production was reached in Malaya in 1940 with a figure of 82,000 tons of tin content, but the industry has had to be restored after the Japanese occupation from 1941 to 1945 and Government loans totalling some $30 million have been made. Production in 1947 amounted to 27,500 tons of tin, and during the June quarter it was running at the rate of 59,000 tons a year. In 1947, 17,000 tons to the value of about $28 million were exported to the United States. Total production of tin ore for both Malaya and Nigeria in 1950 is expected to be about 94,500 tons.

181. *Copper.*—Northern Rhodesia is the only British Colonial producer of copper apart from a comparatively small production of concentrates in Cyprus. Northern Rhodesia produces both blister and electrolytic copper. Production in 1952–53 is expected to reach 340,000 tons as compared with 195,000 tons in 1947 and 144,000 tons in 1936. The postponement of normal development work during the war and transport difficulties have led to a temporary decline in production from the war-time peak. The planned expansion of production and the proposed doubling of electrolytic refining in Rhodesia will effect dollar savings.

182. *Cobalt.*—Cobalt is produced in Northern Rhodesia in association with copper. Present output is about 400 tons a year. The installation of a new refining plant in the copper belt should make available some 1,200 tons of cobalt (metal) a year from 1951 or earlier. All the ore produced will then be refined in Northern Rhodesia and the metal and various compounds produced on the spot.

183. *Bauxite.*—Bauxite is at present being produced in British Guiana, the Gold Coast and the Federation of Malaya and there are deposits in Jamaica. Under present conditions virtually all British Guiana bauxite is exported to Canada and the United States. There are various deposits of bauxite in the Gold Coast and the reserves have been tentatively estimated at something in the neighbourhood of 230 million tons. Under present conditions large-scale exploitation is not economic. Total Colonial production of bauxite may rise to nearly 2 million tons by 1952–53.

184. *Lead.*—The only Colonial territory now producing lead is Northern Rhodesia. Sulphide ores are now being worked by shaft working and production of pig lead has increased from a few hundred tons a year to 16,000 tons in 1947. Lead deposits have been discovered in Tanganyika and active steps are being taken to develop them, including the building of a railway of about 120 miles to link up the deposits with the main line. Colonial lead production in 1952–53 may amount to about 35,000 tons.

C224635

185. The following table summarises some of the principal production figures :—

metric tons

	1936	1946	1952–53 (*Forecast*)
Groundnuts (exports only) ...	300,000	335,000	880,000
Sugar	980,000	895,000	1,400,000
Rubber	400,000	435,000	830,000
Tin	78,000	27,500	94,500[1]
Copper	158,000	202,000	356,000
Cobalt	885[2]	475	1,200
Bauxite	160,000	1,250,000	1,950,000[1]
Lead	580	16,000[3]	35,000

[1] 1950; [2] 1937; [3] 1947.

186. Funds for these developments are available from a variety of sources. Under the Colonial Development and Welfare Acts of 1940 and 1945 $480 million have been made available from United Kingdom funds over the ten years 1946–56; Colonial Governments' surplus balances are very large, and further loans can be raised on the British market. The seventeen major long-term development plans which have already been approved provide for total expenditure from all three of these sources of $750 million. These long-term plans provide for the general expansion of basic economic services, social services, and the development of research in each of the territories. A few examples have already been given in paragraph 175. They do not normally include substantial provision for projects of a purely commercial character. To meet this need, there are two British Government Corporations, the Overseas Food Corporation and the Colonial Development Corporation, with authorised capitals of $200 and $400 million respectively, local savings, private investment, and the possibilities, still under examination, of E.C.A. loans and finance from the International Bank.

187. The major difficulties in connection with these large expansion plans are likely to be supply of the capital goods required and all the technical experts, skilled tradesmen and technicians required. The provisional estimates of United Kingdom exports in 1952–53 allow for a very substantial increase in machinery supplies and in steel. Whether they can be attained or exceeded depends on the actual development of the balance of payments, and thus on many uncertain factors. Much depends also upon the exports of capital goods and consumption goods that the other countries of O.E.E.C. plan to make when the joint recovery programme is prepared. It is also obvious that to the extent that the joint recovery programme increases supplies from the Western Hemisphere of scarce capital goods it will assist colonial production either directly or, by adding to supplies available in the United Kingdom and thereby enabling increased exports of such supplies to the Colonies to be released from the United Kingdom production.

188. There is also an important field for international co-operation in the provision of skilled technicians, particularly trained agricultural and scientific staffs, the shortage of which is at present a factor in limiting development in many direct and indirect ways. It must, however, be understood that the numbers required are relatively very small and that the main solution must lie in the increasing substitution of trained locally recruited personnel rather than in any considerable employment of technicians from abroad, which would be unacceptable to the Colonial peoples.

189. Lastly there are hopeful possibilities of improving the administrative efficiency of health and research programmes by joint consultation between the Colonial authorities of different nations, and in the joint planning of transport and communication developments. A number of valuable conferences have already been held on matters concerned with education, health, labour and the prevention of disease in Africa. More are already planned in the next two years. It is the United Kingdom's desire to develop such co-operation to the limit.

190. The plans described contemplate a large increase in the contribution of the Colonies to European recovery. In 1947 Colonial exports to the United Kingdom were about $600 million. In 1948–49 they are expected to run at about $800 million, at the price levels assumed in preparing the programme for this year. By 1952–53, on the provisional calculations given in Chapter VI, this total should have increased to $950 million. Against these receipts exports from the United Kingdom are expected to rise from $930 million in 1948–49 to some $1,000 million in 1952–53. Still more significant, in conditions in

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

which the dollar currencies will still be scarce, is the expected increase in the Colonial dollar surplus. Already in 1947 the Colonies had recovered to the point of having a small dollar surplus; in the current year this has been running at a rate of about $150 million.

191. *Assistance towards United States Stockpiling.*—Under the provisions of Article V of the Economic Co-operation Agreement between the United Kingdom and the United States, the United Kingdom Government have undertaken to facilitate the transfer to the United States of materials which are needed by the latter for stockpiling or other purposes and to promote the production of these materials. Preliminary discussions have already taken place between the United States and the United Kingdom authorities with a view to ascertaining what materials will be needed by the United States Government and what measures the United Kingdom Government can take to carry out their obligations. The United Kingdom Government for their part intend in collaboration with the Colonial Governments to take all possible steps to increase the production of materials which the United States Government may require and are already considering the measures to be taken for this purpose. They recognise the importance which the United States Government attach to chrome and manganese.

CHAPTER VI.—ESTIMATE OF THE BALANCE OF PAYMENTS IN 1952–53

(1) INTRODUCTORY

192. The four previous chapters have described the principal policies which the United Kingdom proposes to follow in order to solve its balance of payments problem and achieve independence of external economic assistance by 1952–53. As has already been pointed out, these policies must be flexible and to some extent provisional. It is impossible to forecast with precision what position will be reached in 1952–53 as a result of these policies. Too much depends upon world economic developments outside the control of the United Kingdom and the other Governments with which it is co-operating. But an attempt has been made to prepare a set of estimates of a realistic kind. These are based upon four assumptions :—

(i) that there is a high level of business activity throughout the world, and that this leads to a high level of demand for imports (especially in the Western Hemisphere);

(ii) that the United States Government provides sufficient funds between now and 1952 to permit the full development of the European Recovery Programme;

(iii) that substantial progress is made in European co-operation, particularly in the "fields of activity" to which O.E.E.C. is giving special attention;

(iv) that a reasonable amount of East–West trade within Europe is possible on commercial lines.

193. The results are presented in this Chapter. They show that, on the present assessment of the prospects, and on the assumptions made about the factors it cannot itself control, the United Kingdom expects to achieve the objectives it has set itself. But they show, too, that the balance will not be reached at all easily.

(2) OVERSEAS EARNINGS

194. A major factor in restoring the overseas balance will be the increase in earnings from exports. After an analysis of sales possibilities, product by product and market by market, taking account of the expressed desire of most of the world's Governments to increase trade, it is believed that in the early 1950's the United Kingdom should be able, year in year out, to maintain exports at a rate of 150 per cent. of the 1938 volume. This represents, on the information now available to the United Kingdom, a realistic assessment of the prospects, and has been taken as the appropriate figure for planning purposes. With uniformly favourable conditions a higher figure might be reached; it would be of advantage to the United Kingdom's economy if it could, and the additional supplies for export (after appropriate adjustments to import and home production plans) could be produced.

195. In achieving a level of exports half as great again as in 1938 and well above even the level of the peak years of world trade (1927–29), reliance is placed upon the recovery of solid fuel exports to about 40 million tons (including bunkers), and continuing expansion of equipment and textile exports. Domestic policies to assist these expansions have been discussed above. Some diminution in sales of miscellaneous products has been allowed for.

196. Net invisible earnings are also expected to make a very large contribution. The most important item is likely to arise from the increased oil production of the British companies discussed in paragraphs 89–95. Also significant will be increased shipping earnings (paragraphs 131–139 above). A recovery of earnings from foreign investments is expected, but in 1951 obligations require to be met under the Anglo-American and Anglo-Canadian Financial Agreements of 1946, and provision is made for them; this is the main element of amortisation included in the balance of payments—no allowance is made for amortisation of private loans. In the rest of the "invisible" field, continued recovery is expected in earnings from the traditional services performed by London, such as insurance. In total, net invisible earnings are expected to be $1,053 million, compared with $140 million in 1948–49; at this level, net invisible

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

earnings will be much the same in value as they were in 1938, but their buying power in terms of imports will be little more than one-third of that of 1938.

197. In calculating export earnings and earnings from oil sales the level of prices assumed in preparing the 1948–49 programme for O.E.E.C. has been used in accordance with the instructions received from the Council. The corresponding import prices have been adopted for the import programme discussed below. There is, of course, every reason to expect substantial changes in many of these prices.

(3) OVERSEAS EXPENDITURE

198. On these assumptions total earnings from exports, re-exports and net invisibles have been estimated at over $8,400 million in 1952–53. Not all of this can be applied directly to imports. Allowance has to be made for foreign investment and the repayment of debt. The need to provide for net lending for the development of the dependent overseas territories has already been discussed in Chapter V. In other parts of the sterling area development now proceeding will likewise require to be financed. Many of these are as important to the United Kingdom as anything in the home investment programme. There are, moreover, countries, both in the sterling area and outside, with large sterling balances which will need to use part of them. On the other hand, some countries may be accumulating sterling assets. For the purposes of this estimate the net capital outflow for these purposes together has been put at a figure of $400 million, but it would be advantageous to increase this figure if possible.

199. There will thus remain available for imports a sum of about $8,000 million. At the prices assumed this will permit a volume of imports 10 per cent. higher than in 1947, but still less by about 15 per cent. than the volume in 1938. It is, in fact, much the same in volume as the import programme for 1948–49, but it should be possible as a result of developments of agriculture, oil refining, engineering and chemicals at home and of greater world supplies of basic products to change its composition to the advantage of the economy as a whole. Some imports regarded as essential elements of the present import programme could be reduced and release funds for increased purchases of other supplies which cannot now be afforded.

200. Thus food imports might be reduced significantly below the 1948–49 level in value, but this lower level of food imports, combined with increased output from home agriculture, would allow consumption to be distinctly above 1947 levels. Raw material imports must be increased to take account of rising industrial production and productivity, though the consumption of pulp and paper, and above all of timber would continue to be below pre-war levels. In spite of a smaller expenditure on petroleum, the consumption of petroleum products could increase by over 20 per cent. above 1948–49 as a direct result of the oil refinery programme. Similarly, imports of machinery and some manufactured goods could be reduced below the 1948–49 level without hardship.

201. The following table summarises the possible composition of the balance of payments in 1952–53 compared with 1947 and 1948–49 :—

$ million

	1947 (*Current prices*)	1948–49[1] (*Programme prices*)	1952–53
Imports	*6,206*	*8,102*	*8,030*
of which			
Food and agricultural products (incl. tobacco)	3,099	3,849	3,622
Raw Materials	2,116	2,922	3,350
Petroleum	286	524	564
Manufactured Goods	705[2]	807	494
Exports and re-exports	*4,441*	*6,501*	*7,377*
Invisible earnings (net)	*−774*	*+140*	*+1,053*
of which			
Shipping (dry cargo, net)	+121	+267	+359
Travel (net)	−218	−27	−105
Interest and amortisation (net)	+201	+194	+99
Other	−878	+294	+700
Total earnings	*3,667*	*6,641*	*8,430*
Net overseas investment	−2,539	−1,461	+400

[1] These are unadjusted estimates; revised figures will be available before November 1st.
[2] Including 180 ships.

(4) THE PATTERN OF INTERNATIONAL PAYMENTS

202. The overall balance of payments which the United Kingdom hopes to have secured by 1952–53 is not in itself sufficient to secure full stability in the overseas financial situation. Achieving an overall balance is sufficient only when a surplus with one country can be used to offset a deficit with another. This can happen only if all important countries' balances of payments are in reasonable equilibrium.

203. The geographical distribution of the estimated balance of payments for the United Kingdom may be summarised as follows :—

$ million at programme prices

	Western Hemisphere	*Other Non-Participants*	*Sterling Area*	*Participating Countries (Non-sterling)*	*Total*
Expenditure—					
Imports (f.o.b.)	1,888	1,177	3,216	1,749	8,030
Shipping	267	46	162	303	778
Travel	40	4	121	200	365
Interest, Profits and Dividends	255	38	153	100	546
Normal Amortisation	95	—	29	—	124
Total	2,545	1,265	3,681	2,352	9,843
Receipts—					
Exports and Re-exports (f.o.b.)	1,455	990	3,492	1,440	7,377
Shipping	351	47	478	261	1,137
Travel	150	5	65	40	260
Interest, Profits and Dividends	205	25	430	40	700
Normal Amortisation	—	13	—	56	69
Other Receipts (net)	93	11	32	564	700
Total	2,254	1,091	4,497	2,401	10,243
Balance on Current Account	−291	−174	+816	+49	+400

204. These figures relate to the United Kingdom alone. In considering the United Kingdom's financial position *vis-à-vis* other groups of countries, however, the significant relationship is not the surplus or deficit of the United Kingdom alone, but the surplus or deficit with the group of the whole sterling area, and even this may be somewhat modified by payments of sterling between non-sterling countries of the kind described in paragraph 63 above. Sterling is an international currency and this means that it is impossible from United Kingdom trade figures alone to forecast the precise sterling position of other countries or groups of countries. The following paragraphs give a brief commentary on some of the factors underlying the distribution of payments indicated in the table above.

205. *Western Hemisphere.*—The earnings of $1,455 million from exports and re-exports to the Western Hemisphere shown represent an increase of $800 million, or 120 per cent. over the level of 1947, and over $500 million, or 55 per cent. over the level achieved in the first half of 1948. It is believed that exports to the United States might continue to rise above the 1947 level of about $195 million to some $340 million in 1952–53. Exports to Canada are forecast as rising during the same years from $180 million to $365 million. In invisibles likewise, the most vigorous possible efforts are being made to increase dollar earnings, *e.g.*, in tourism which is expected to yield $150 million in 1952–53. But this will be offset by the service of the United States and Canadian Loans ($190 million) and the service of E.C.A. loans.

206. Increases of earnings even of this magnitude would close less than half a Western Hemisphere deficit of the scale of that in 1947. A reduction of imports has therefore to be provided for below the exceptionally high level of 1947. In that year, in common with most other European countries, the United Kingdom imported a greater volume of goods from the Western Hemisphere than in 1938, despite a large contraction in total imports from all sources. The import programme shown is therefore $1,000 million below the 1947 total and $450 million below the programme for 1948–49. It takes full account of the possibilities now foreseen of obtaining supplies of essential goods in the rest of the world, above all in the Sterling Area and in the participating countries. Thus the temporary

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

over-dependence upon Western Hemisphere supplies which largely contributed to the dollar crisis of 1947 will be relieved by a return to traditional sources of supply.

207. Even with these changes there remains a deficit of nearly $300 million with the Western Hemisphere. It is estimated that this can be covered by the gold production and dollar earnings of the rest of the sterling area together with United States commercial investment in the United Kingdom and the rest of the sterling area. But this, of course, turns on the maintenance of a strong demand in the United States for the raw materials which are produced in the sterling area, and a continuing restriction of dollar imports by the other sterling area countries themselves. Indeed, this entire balance depends upon the ability and willingness of the United States to absorb sterling manufactures, petroleum products and raw materials, and upon continued economy in dollar expenditures throughout the sterling area. The United Kingdom for its part has no intention of allowing its present estimates of the absorptive capacity of the Western Hemisphere to limit its efforts to maximise its Western Hemisphere earnings. But the balance now envisaged is precarious and depends to a considerable extent on factors outside the control of the United Kingdom.

208. *Other Non-Participants.*—On the estimates submitted, the United Kingdom has a prospective deficit of some $175 million with the non-sterling, non-participating countries of the Eastern Hemisphere. Of this deficit, about half represents the Soviet Union and Eastern Europe, and half is attributable to the other countries, particularly the Middle East.

209. The general scale of trade with Eastern Europe envisaged in these estimates is appreciably less than that ruling before the war. It can be assumed for practical purposes that the trade between the sterling area and this group of countries will broadly speaking balance, allowance being made for deliveries of raw materials from the rest of the sterling area.

210. With the other non-participating countries a marked United Kingdom deficit is shown; this is attributable partly to the very high prices assumed for certain primary products from these countries, and partly to the heavy local expenditures involved in the expansion of oil production. The rest of the sterling area is likely to have a surplus with these countries taken as a whole, and it should be possible to match some of these deficits against surpluses with participating countries in the manner already described. It is not the United Kingdom's intention to seek bilateral balance with every country or group of countries, and this appears to be a case in which multilateral settlement of surpluses and deficits can readily take place.

211. *Rest of Sterling Area.*—The United Kingdom normally has a heavy surplus on current account with the rest of the sterling area. For 1952–53 it is estimated at about $850 million—a much smaller figure, at present prices, than that normally ruling before the war. It has been assumed earlier that the gold production and net dollar earnings of the non-participating sterling area would cover the United Kingdom deficit of $300 million with the Western Hemisphere; these countries may have a surplus with the non-participating countries and on present indications are likely to have a tendency to surplus with the participating countries. By the normal workings of the sterling area system, these surpluses of the outer sterling area countries are matched against their current deficit with the United Kingdom. The remainder of the surplus is accounted for by the net overseas investment already discussed.

212. *Participating Countries.*—It appears that the tendency now developing for the United Kingdom to be in surplus with the other participating countries will persist into 1952–53. If the rest of the sterling area likewise tends to be in surplus with the other participating countries (as it is now) the latter, taken as a whole, will be confronted with a difficult sterling problem. This should to some extent be covered by multilateral use of sterling—for example by the financing of the United Kingdom's deficit with the non-dollar countries—and the possibilities of this will no doubt be fully explored. But it is perhaps likely that after taking account of all such possibilities, the participating countries as a whole will tend to be short of sterling.

213. In this balance of payments submission, it has been assumed that this is the likely state of affairs. The United Kingdom's exports to these countries have been stated at a somewhat lower figure than that which is expected in

1948–49; imports have been put some 10 per cent. above 1948–49, and tourist expenditure by United Kingdom citizens has been allowed for at a rate about a third above 1947, when a large foreign exchange ration was allowed for tourism.

214. In framing the import programme, increased supplies of essential products from the other participating countries have been assumed. It is only by making this assumption, indeed, that it has been possible to reduce the United Kingdom dollar deficit to manageable dimensions. This import programme therefore concentrates heavily upon essential supplies to the United Kingdom—cereals, oils and fats, bacon, dairy produce, iron ore, timber, &c. Allowance is made for quotas for manufactured goods substantially above those of 1947. It is, of course, possible to envisage an increase above this level in the mutual trade of the United Kingdom and the participating countries without disturbing the pattern of multilateral payments here assumed. It is to be hoped that this will take place. The vital consideration underlying the present estimates is, however, the mutual adjustment of the economies of the participating countries so as to provide sources of essential supplies which it will no longer be possible to obtain from the Western Hemisphere in 1952–3.

215. The picture which is presented of the United Kingdom balance of payments in 1952–53 is therefore one in which viability could unquestionably be secured at a very high level of production and a reasonable level of consumption—if it were possible to offset surpluses against deficits. But in fact the balance with the dollar area will be precarious, though fully possible; the extent of the difficulties which the United Kingdom will encounter in securing this balance will depend largely upon her ability to draw essential supplies from the Commonwealth and from the other participating countries.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

CHAPTER VII.—CONCLUSIONS

(1) THE SCALE AND CONSEQUENCES OF THE UNITED KINGDOM'S PROGRAMME

216. The preceding chapters have described the problem before the United Kingdom, the policies it is intended to pursue, and the manner in which they may lead to a solution of the problem of the balance of payments. The productive efforts that the United Kingdom intends to make are on a huge scale, and apply to every sector of productive industry.

217. Agricultural output is to be increased above the highest point reached in the war years. It is hoped to raise coal output by a quarter, generating capacity by a half, and to double the world-wide production of the British oil industry as compared with the 1947 levels. The export of coal is to be restored to its high traditional scale. Steel output, already pressing at the limit of available capacity, is to be increased by a sixth above the present level. The engineering industries, already half as great again as before the war, are to be called upon to expand still further. Corresponding efforts are to be called for from other industries. A massive investment programme, carefully concentrated upon the vital sectors of the economy, is designed to support these targets, and to foster the production overseas of commodities essential to the recovery of Europe.

218. The following figures illustrate the proposed development of production in some major sectors of the economy :—

	Pre-war†	1947	1948–49	1952–53
Grain production	4·6	6·3	7·6	8·4
Meat and Bacon production	1·5	0·9	1·0	1·5
Milk and Milk Products production ...	7·3	8·0	8·0	9·0
Solid Fuels production	254	223	244	286
of which Coal	233	201	218	257
Electric Power production	21·3	42·6	45·0	55·0
Steel production	11·4	12·7	15·0	17·0
Copper consumption*	266	356	381	427
Cotton consumption*	619	368	457	473
Wool consumption*	190	191	223	232
Synthetic Fibres production*	61·2	92·1	122	200
Timber consumption	12·6	6·3	6·7	7·7

All in million metric tons except, those marked * which are '000 tons, electricity (in billion kwh.), and timber (in million cubic metres of sawn timber excluding sleepers).

† Average of 1935–38, except for foodstuffs, 1934–38.

219. Broadly speaking this Programme provides for an expansion of output in manufacturing, mining, agriculture, building and public utilities taken as a whole to a level about one-third above pre-war and, despite a constant or slightly declining labour force, to increase manufacturing output by a quarter in the five years from 1947 to a level about 40 per cent. above 1938. This expanding output will make possible an estimated expansion of exports by nearly two-fifths above the level achieved, after two years' intensive effort, in 1947, and this in turn will support a considerable increase in raw material imports. At the same time the supply of capital equipment to home industry should increase to a level about 15 per cent. above 1947. As has been shown in paragraphs 26–28 the United Kingdom has already made substantial progress towards these objectives.

220. A growth of output and trade of this magnitude will, besides reducing the balance of payments problem to manageable dimensions, permit a distinct increase in home consumption per head beyond not only the somewhat meagre standards of 1947 but, in many respects, beyond pre-war levels. The supply of manufactured goods for the consumer should rise 15–20 per cent. above the 1947 level, with clothing and household goods somewhat above the pre-war level. There should be sufficient supplies of the chief energy-producing foods and notable increases in the 1947 levels of consumption per head of meat, eggs, oils and fats. The consumption of food as a whole would approach the pre-war volume and the more equal distribution of the national income which has been secured in recent years would imply that the standard of food consumption of a large part of the population should be markedly better than before the war.

(2) THE ROLE OF EXTERNAL ASSISTANCE

221. This strenuous effort by the United Kingdom would be impossible without the continuance of external assistance during the period of recovery. Aid is necessary to enable the United Kingdom to continue to acquire essential supplies from the Western Hemisphere on a scale which otherwise could not be afforded. In the revised estimate of United Kingdom expenditures of just over $2,000 million on dollar goods and shipping services submitted by United Kingdom to O.E.E.C. and E.C.A., food and tobacco accounted for nearly $600 million, raw materials for $650 million, oil, tanker services and oil equipment nearly $400 million, machinery and manufactures $150 million and shipping services over $200 million. This programme was based on the assumption of aid, as recommended by O.E.E.C., of $1,263 million. As the United Kingdom's long-term programme develops, the need for aid to finance dollar area imports will decline for two reasons : the replacement of dollar supplies from non-dollar sources, and the increase of dollar earnings. Aid is essentially required to give time for these fundamental adjustments.

222. The absence or the inadequacy of aid would, in the first instance, show itself in a reduction in the years before 1952 in the supplies of food, raw materials, machinery or oil presupposed in the programme set out in the preceding chapters. The implications of such a deficiency are clear. A reduction in the supplies of food would endanger first the nutrition of the British people and thus in time undermine the drive for increased productivity on which so much of the United Kingdom's hopes for the future depend. Without this assistance it would be necessary for the United Kingdom to devote more of its resources to meeting its essential food needs, so reducing correspondingly the home investment programme and the exports of capital goods required for the development of the participating countries and the associated overseas territories. More directly, any substantial cut in raw material supplies would inevitably imply a corresponding cut in home investment and in exports of capital goods—in the rate of industrial re-equipment at home and in the contribution which the United Kingdom can make to development overseas. Hope would have to be abandoned of carrying through the great developments in the United Kingdom economy which are the basis of this programme.

223. It is thus seen that the assistance of the United States plays a vital part in the United Kingdom's recovery plans. But it also strengthens the United Kingdom's capacity to co-operate with the other countries of O.E.E.C. in the pursuit of joint recovery plans. It contributes to the stability of their currencies thus enabling the gradual strengthening of multilateral trade. The position of the United Kingdom as the centre of a large group of nations trading in sterling is such that any setback in its recovery would have widespread repercussions that would spread throughout the economic systems of the world. The immediate measures of self-protection enforced by such a setback might start a downward spiral that could not easily be halted.

(3) THE IMPORTANCE OF INTERNATIONAL CO-OPERATION

224. Co-operation with the other countries of the British Commonwealth and the participating nations has an importance no less decisive than that of external assistance in this programme. It is needed not only in order that the United Kingdom can surmount the problems before it, but still more in order that it can play its full part in the joint endeavour of European recovery. The programme presented in the foregoing chapters is provisional. It is in its present form no more than one nation's contribution to discussions from which a joint programme is to emerge. It can within limits be modified to conform with the needs of such a joint and integrated plan.

225. The development of trade with other countries of the British Commonwealth, based on the steady expansion of their production and that of the United Kingdom, is vital to the recovery of the United Kingdom. It will be of parallel importance to the programmes of the other participating countries. The Commonwealth countries are a great source of supplies of imported food and raw materials which are essential to the development of the participating countries and the United Kingdom proposes to initiate discussions with the other Commonwealth countries about the possibilities of developing their resources to the mutual advantage of themselves and the O.E.E.C. countries.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE BLURRED
PAGE BARBOUILLÉE

226. These proposals as they stand already imply a high degree of co-operation between the United Kingdom, its associated overseas territories, and the other participating countries. In the first place the United Kingdom is making a major contribution to the solution of the European economic problem as a whole by surmounting the United Kingdom dollar problem. Of the aid allocated for this year one-quarter is for the United Kingdom. By the operation of the policies indicated in this Programme the need for aid will entirely disappear and with it one-quarter of the total European problem. The production and export programmes of the United Kingdom, as outlined above, contemplate the supply of vital products—for example, oil, coal, agricultural and other machinery—in great quantities and, in some cases at least, at no small expense in dollar resources and in restrictions on the United Kingdom economy. From the participating countries, on the other hand, the foregoing plans presuppose increased imports of essentials, both raw materials and foodstuffs. The plans outlined here for reducing the United Kingdom dollar deficit to manageable dimensions are dependent upon the realisation of this changed pattern of imports from the participating countries.

227. It is the United Kingdom's hope that, in its examination of the programme presented in this document side by side with those of the other participating countries, the Organisation for European Economic Co-operation will find scope for developing joint plans in many particular sectors that will hasten still more the attainment of European recovery. The United Kingdom has already tabled with the O.E.E.C. a list of fields of activity for intensive study, leading, it is hoped, to early and profitable results. The examination of the national plans of the participating countries may point to dangers of wasteful duplication or opportunities for further expansion. Further types of co-operation among the Governments of overseas territories may suggest themselves. The scrutiny of the balance of payments estimates may indicate to each participating country types of output, the expansion of which would in the long run serve both to assist the difficult balance of intra-European trade and thereby the smooth working of a multilateral system of trade and payments. Studies of this kind will, it is hoped, lead the participating countries towards a joint programme that will provide the basis both of short and of long-term co-operation. Just as a long-term programme for a particular nation is needed to guide the preparation of its annual programme, so a joint strategy for European recovery is needed to guide the development of particular measures of co-operation.

228. In this programme much emphasis has been laid on the necessity for removing obstacles to increased production. In equal measure it is necessary to remove the barriers to increased trade. The United Kingdom has worked, and will continue to work for the reduction and elimination of these obstacles on a mutually advantageous basis and towards the goal of full convertibility of currencies and a freer flow of international trade.

229. The preparation and execution of a Joint Recovery Programme, in which full account is taken of these objectives, calls for a common effort in the whole field of administrative and productive endeavour unprecedented in its scope and urgency. The United Kingdom is prepared and anxious to make its full contribution to the success of this enterprise.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Public Archives Canada | Archives publiques Canada

Central Microfilm Unit | Service central du microfilm

79 ave. Bentley Ave.
OTTAWA, Ontario
K1A 0N3

190 ch. Carrier Rd.
REXDALE, Ontario
M9V 2C1

CERTIFICATE OF AUTHENTICITY | CERTIFICAT D'AUTHENTICITÉ

This is to certify that the microphotographs appearing on this Film-File starting with

La présente certifie que les microphotographies faisant partie de ce fichier et allant de

VOL- 323 PAGE-222672

and ending with

à

VOL- 325 PAGE-224644

are accurate and complete reproductions of the documents submitted for conversion to microfilm.

sont des reproductions exactes et intégrales des documents soumis pour être microfilmés.

Date Produced/Date d'exécution		
Day/Jour	Month/Mois	Year/Année
27	9	1983

Camera Location/Emplacement de la camera

395 WELLINGTON ST. OTTAWA - ONT

Camera Operator/Opérateur de la camera

5-17

ARC-739(6/78)

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

END OF REEL

FIN DE LA BOBINE

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4; Volume 325, pages C224271-C225375

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA